TAISHO PHARMACEUTICAL HOLDINGS CO., LTD.

Annual Report 2015

Fiscal year ended March 31, 2015

Profile

The Taisho Pharmaceutical Group's mission is to contribute to society by creating and offering superior pharmaceuticals and health-related products as well as healthcare-related information and services in socially responsible ways that enrich people's lives by improving health and beauty. Guided by this mission, we strive to become a pharmaceutical company capable of covering a variety of needs from enhancing health and preventive measures to treatment. To accomplish this, we are forging ahead with our self-medication business, which is centered on over-the-counter (OTC) drugs, and our prescription pharmaceutical business, which handles ethical drugs. Through these endeavors, we are aiming for sustainable growth.

Annual Report 2015 Editorial Policy

In 2015, Taisho Pharmaceutical Holdings Co., Ltd. integrated its annual report, social and environmental report and investors' guide into *Annual Report 2015* to help stakeholders understand the management strategies and initiatives of Taisho Pharmaceutical Holdings and the Taisho Pharmaceutical Group. In compiling *Annual Report 2015*, we took a comprehensive approach, including human resource, stakeholder and other non-financial information in addition to management directions and strategies, business conditions and business environment including risks. Information formerly included in the social and environmental report is available on the Taisho Pharmaceutical Holdings website to allow us to report the latest information.

CSR: http://www.taisho-holdings.co.jp/en/environment

Annual Report 2014

Social and Environmental Report 2014

Investors' Guide 2014

Annual Report 2015

Scope of Reporting

Companies subject to reporting: Taisho Pharmaceutical Holdings Co., Ltd., Taisho Pharmaceutical Co., Ltd., Taisho Toyama Pharmaceutical Co., Ltd., and some Group companies
Reporting period: April 1, 2014 to March 31, 2015 (includes some information from prior and subsequent periods)

Cautionary Statement with Respect to Forward-Looking Statements

Forward-looking statements made in this annual report, including the future performance of the Taisho Pharmaceutical Group, are based on currently available information and assumptions management believes to be reasonable, and the Group does not guarantee their achievement. Various factors could cause actual results to differ materially from those discussed in the forward-looking statements.

Philosophy

Mission Statement (Mission)

The Company's mission is to contribute to society by creating and offering superior pharmaceuticals and health-related products as well as healthcare-related information and services in socially responsible ways that enrich people's lives by improving health and beauty.

Management Policies (Vision)

1. Focus on core businesses

   (1) Self-Medication Operation Group, Prescription Pharmaceutical Operation Group

   (2) Businesses based on clear scientific and objective evidence that take full advantage of the Company's strengths

2. Continue to drive sustained growth in business activities while fulfilling the following obligations expected of the Company by stakeholders:

   (1) For consumers, the Company will strive to help realize healthier and more enriched lives based on the theme of health in various fields.

   (2) For business customers and suppliers, the Company will establish and maintain fair and reasonable relationships.

   (3) For employees, the Company will respect the human rights and dignity of each individual and endeavor to secure employment.

   (4) For shareholders and other investors, the Company will disclose proper information in a fair and timely manner.

   (5) For local communities, the Company will remain actively engaged in the community as a corporate citizen while striving to protect the environment and build mutually beneficial relationships.

Code of Conduct (Values)

Based on the Company's Founding Spirit, we are working to share the following values internally as we conduct business activities:

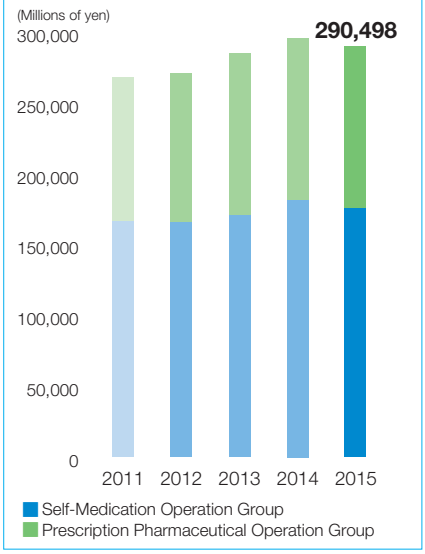
- Compliance with laws, regulations and other rules
- High ethical standards
- Honesty, diligence and passion
- Competitive viewpoint (provide higher quality products at lower prices and even better services)
- Logical thinking
- Value standards from a long-term perspective

Contents

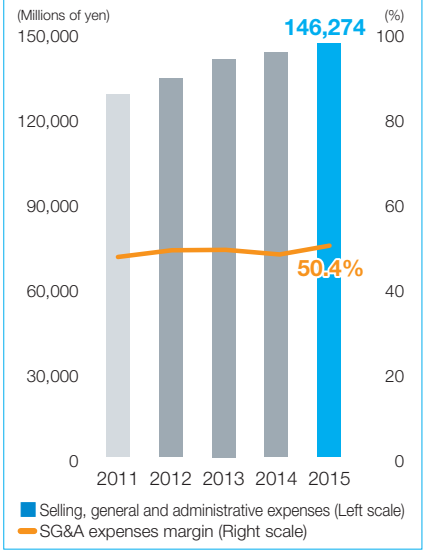
Financial Highlights and Summary

- Consolidated net sales decreased ¥5,459 million, or 1.8%, compared with the previous fiscal year to ¥290,498 million.
- Segment net sales for the Self-Medication Operation Group decreased ¥5,458 million, or 3.0%, compared with the previous fiscal year to ¥176,295 million. Sales in Japan decreased due to lower sales of core products. However, sales in the overseas OTC drug business, which focuses on Asia, increased 13.5% to ¥17.6 billion.
- Segment net sales for the Prescription Pharmaceutical Operation Group were essentially unchanged from the previous fiscal year at ¥114,203 million. Sales of osteoporosis agents *Edirol* and *Bonviva* increased 22.0% to ¥17.2 billion and 194.2% to ¥3.6 billion, respectively. On the other hand, sales of the macrolide antibiotic *Clarith* decreased 18.0% to ¥13.5 billion partly due to the effects of NHI drug price revisions and generic drugs.

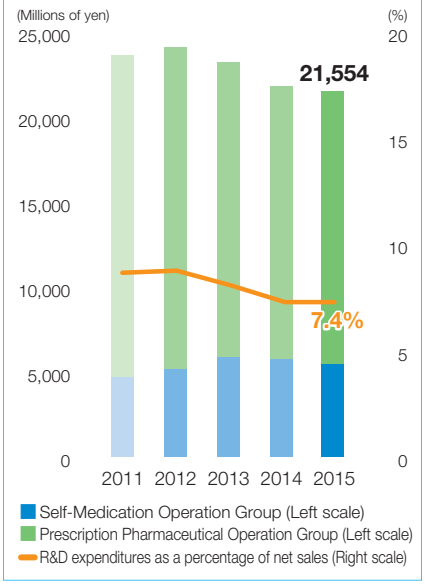
Net Sales



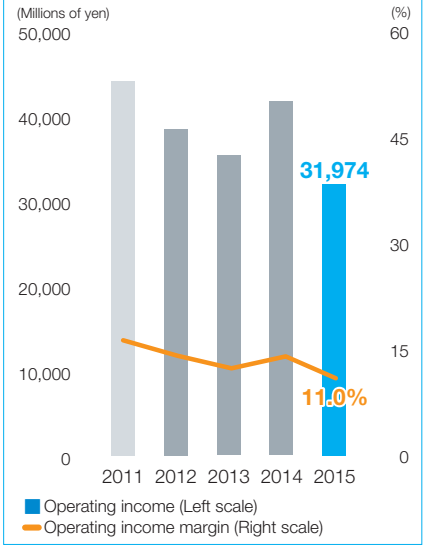
Selling, General and Administrative Expenses/SG&A Expenses Margin



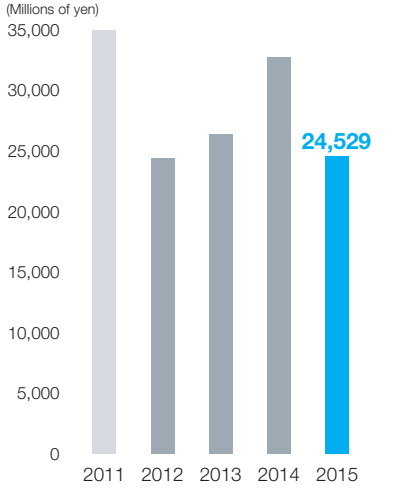
R&D Expenditures/R&D Expenditures as a Percentage of Net Sales



Operating Income/ Operating Income Margin

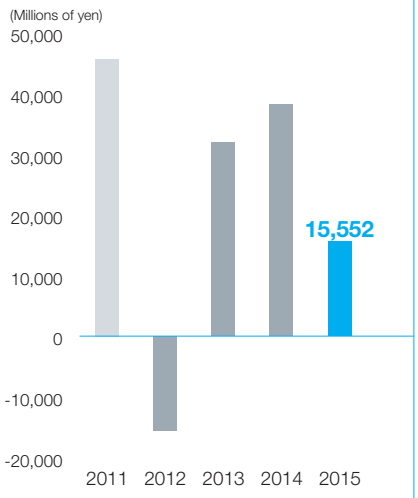


Net Income

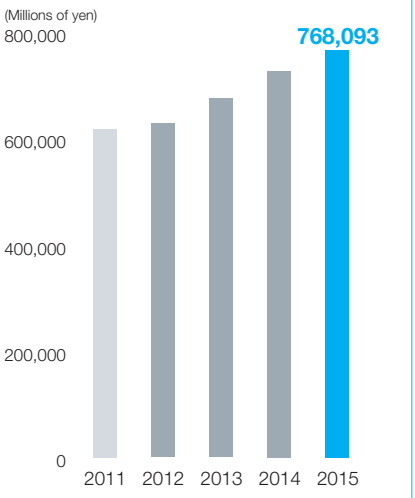


- Net income decreased ¥8,164 million, or 25.0%, to ¥24,529 million. Net income per share was ¥302.57, and return on equity (ROE) decreased 1.6 percentage points to 4.0%.
- Net assets as of March 31, 2015 increased ¥41,310 million, or 6.8%, from a year earlier to ¥653,243 million. The equity ratio increased 0.9 percentage points to 83.3%. Net assets per share were ¥7,892.19.
- Total R&D expenditures decreased ¥320 million, or 1.5%, compared with the previous fiscal year to ¥21,554 million. R&D expenditures as a percentage of net sales were 7.4%. R&D expenditures in the Self-Medication Operation Group decreased ¥288 million, or 5.0%, to ¥5,502 million. R&D expenditures in the Prescription Pharmaceutical Operation Group were essentially unchanged at ¥16,051 million.

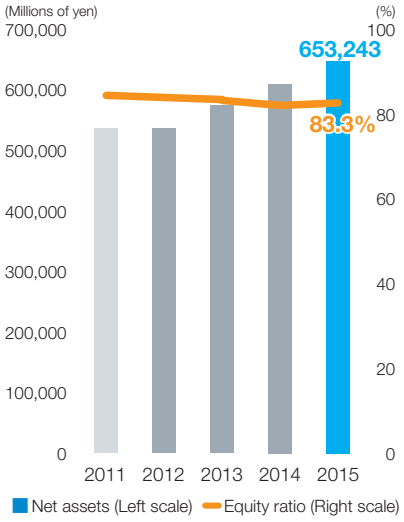
Free Cash Flows



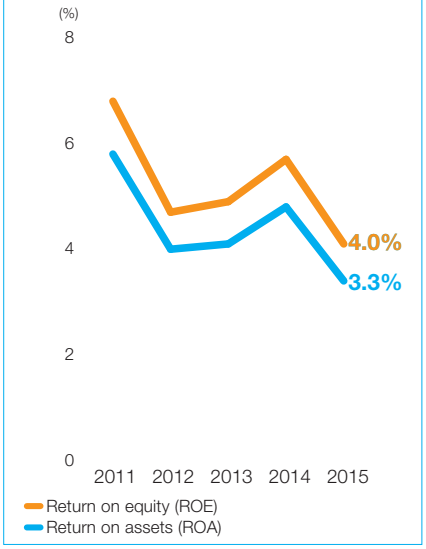
Total Assets



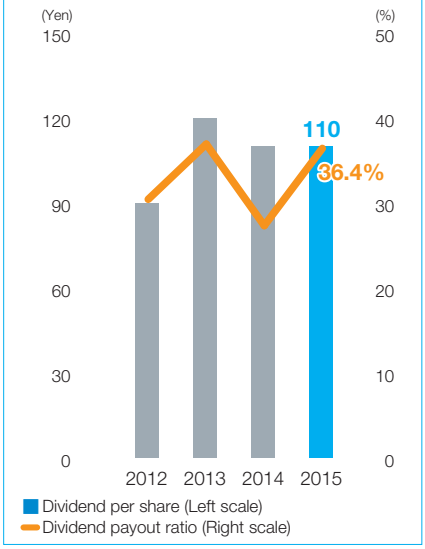
Net Assets/Equity Ratio



Return on Equity (ROE)/ Return on Assets (ROA)



Dividend Per Share/ Dividend Payout Ratio



Notes: 1. Figures for the fiscal year ended March 31, 2011 are for Taisho Pharmaceutical Co., Ltd. Figures for the fiscal year ended March 31, 2012 and later are for Taisho Pharmaceutical Holdings Co., Ltd.
2. Years in graphs are fiscal years ended or as of March 31.

A Message from Management

Akira Uehara
President and Chief Executive Officer

Your health partner

We will help enrich people's lives by improving health and beauty.

The Taisho Pharmaceutical Group operates with the mission of contributing to society by creating and offering superior pharmaceuticals and health-related products as well as healthcare-related information and services in socially responsible ways that enrich people's lives by improving health and beauty.

Rising social welfare costs have become a major problem in Japan in recent years due to the rapid shift to an aging population with a low birthrate. We believe that pharmaceutical companies have the important mission of dealing with the issues of an aging society with long life expectancy.

Under these circumstances, Taisho Pharmaceutical Holdings Co., Ltd. (the "Company"), which is responsible for the management of the entire Group, aims to grow continuously and to strengthen competitiveness through the effective allocation of business resources. We will focus on increasing Groupwide corporate value by driving balanced growth and capturing synergies in two broad operating areas: the Self-Medication Operation Group, which is centered on over-the-counter (OTC) drugs, and the Prescription Pharmaceutical Operation Group, which handles ethical drugs.

Business Overview for the Fiscal Year Ended March 31, 2015

In the Self-Medication Operation Group in Japan, sales of our mainstay *Lipovitan* series of energy drinks decreased year on year due mainly to the effect of unseasonable summer weather. Sales of the *Pabron* series decreased with lower sales of mainstay cold remedies, and sales of the *RiUP* series of hair regrowth treatments also decreased due to the pullback in demand following the surge prior to the April 2014 increase in the consumption tax.

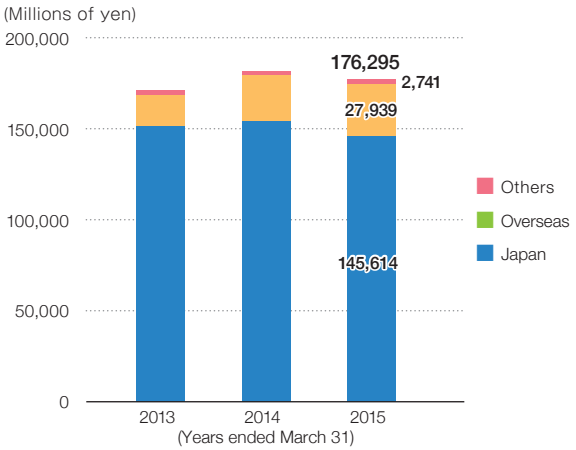
Overseas sales in the Self-Medication Operation Group increased 10.1% year on year to ¥27.9 billion because of solid overseas sales of OTC drugs, primarily in Asia.

As a result, sales in this segment decreased 3.0% year on year to ¥176.3 billion.

In the Prescription Pharmaceutical Operation Group, sales of *ZOSYN*, a combination antibiotic with a beta-lactamase inhibitor, and the osteoporosis agents *Edirol* and *Bonviva* remained strong. Sales of *Lusefi*, a type 2 diabetes mellitus agent launched in May 2014, totaled ¥2.4 billion. On the other hand, sales of macrolide antibiotic *Clarith* and peripheral vasodilator *Palux* decreased year on year due to factors including the effects of National Health

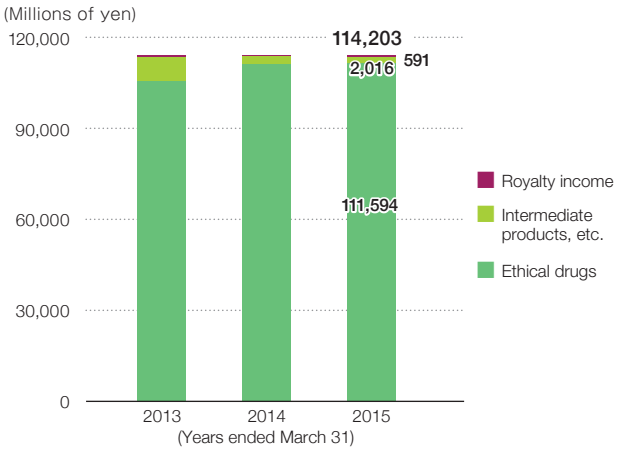
Self-Medication Operation Group

Net Sales ¥176.3 Billion (3% decrease YoY)



Prescription Pharmaceutical Operation Group

Net Sales ¥114.2 Billion (Unchanged YoY)



Insurance (NHI) drug price revisions and generic drugs. As a result, sales in this segment were essentially unchanged year on year at ¥114.2 billion.

As a result of the above, consolidated net sales decreased 1.8% year on year to ¥290.5 billion.

Regarding profit, gross profit decreased year on year because of the drop in net sales and operating income decreased 23.3% to ¥32.0 billion because selling, general and administrative expenses increased as a result of factors including higher advertising and sales promotion costs. Consequently, net income decreased 25.0% to ¥24.5 billion.

Shareholder Returns

The Company maintains a stable dividend while ensuring sufficient internal reserves to build a stronger enterprise. We use these internal reserves to strengthen our competitiveness and expand our business. In addition, with due consideration given to the funds required for such investments, we plan to repurchase treasury stock in a flexible manner for the purposes of improving capital efficiency and implementing an agile financial policy.

The Company's dividend policy is to pay dividends largely in line with its consolidated business performance each fiscal year, while targeting a dividend payout ratio of 30% of net income excluding extraordinary income/loss. Barring special circumstances, we plan to maintain an annual dividend of at least ¥100 per share, even when the dividend payout ratio exceeds 30%.

For the fiscal year ended March 31, 2015, the Company declared an annual dividend of ¥110 per share, consisting of an interim dividend of ¥50 per share and a year-end dividend of ¥60 per share. For the fiscal year ending March 31, 2016, based on its policy, the Company expects to pay an annual dividend of ¥100 per share, consisting of an interim dividend of ¥50 per share and a year-end dividend of ¥50 per share.

Cash Dividends for Fiscal Years Ended/Ending March 31, 2015 and 2016

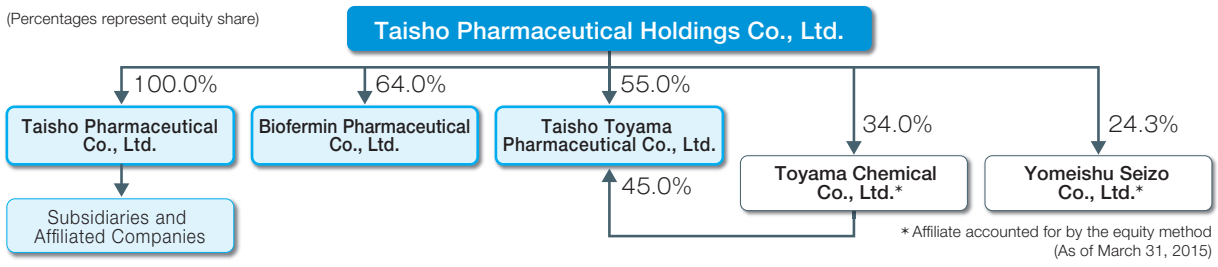
	Dividend Per Share (Yen)		
Years ended/ending March 31	Interim	Year-end	Annual
2015	50	60	110
2016 (Scheduled)	50	50	100

Addressing Corporate Governance and Social and Environmental Issues

Based on thorough quality control and enhanced corporate governance by Taisho Pharmaceutical Holdings as the company responsible for management of the entire Group, the Company effectively allocates resources with the aim of strengthening competitiveness and generating continuous growth to fulfill its mission throughout the Group.

In addition, as a good corporate citizen we support research in the life sciences and promote self-medication. Moreover, we believe that environmental issues are a key management priority in corporate activities and therefore consider the environment in all our activities from product R&D, production and disposal to distribution and sales.

Group Business Structure



Taisho Pharmaceutical Group Initiatives and Future Directions

The Taisho Pharmaceutical Group will continue to strengthen its earnings foundation through balanced growth in the Self-Medication Operation Group and the Prescription Pharmaceutical Operation Group, its two core businesses, while aiming to maximize corporate value.

In the Self-Medication Operation Group in Japan, we will create demand and enhance activities to build strong brands.

In existing businesses, we will work to maintain sales of existing brands by introducing new products that address consumer needs with a focus on mainstay brands. As initiatives for future growth, we are using market surveys and other data to develop new products that address consumer needs and markets in which we see potential. We also conduct marketing activities that appeal directly to consumers. In these ways, we are nurturing brands that will generate future growth and strengthen direct communication with consumers.

In overseas businesses, in the fiscal year ending March 31, 2016 we expect to achieve our longstanding target of an overseas sales ratio of 10% of consolidated net sales. We aim to grow further and will strengthen business operations in growth markets with a continued focus on Southeast Asia. In addition, we will maximize the value of the assets we have acquired to strengthen our foundation. For example, we will introduce new products in brands such as *Counterpain* topical inflammatory analgesics and *Tempra* antipyretic analgesics.

In the Prescription Pharmaceutical Operation Group, we will strengthen the foundation we have established and work to quickly nurture new products. Regarding sales, we will maintain our status as a leading company in the field of infectious diseases, while aiming to rapidly nurture new products including the type 2 diabetes mellitus agent *Lusefi* and the osteoporosis agent *Bonviva*.

We will further emphasize R&D for highly original new drugs that can succeed internationally and will work to enhance our pipeline by promoting the in-licensing of promising drug candidates from and collaborative development with both domestic and overseas companies.

Rising social welfare costs due to the low birthrate and aging of society are currently a major problem in Japan. Under these circumstances, we will continue increasing corporate value by enhancing cooperation between Group companies that leverages their respective strengths to capture synergies. In the process, we will strive to build a Groupwide structure for continuous growth.

In closing, I would like to express our sincere thanks to our stakeholders and ask for your continued understanding and support.

President and Chief Executive Officer

Review of Operations

The Self-Medication Operation Group serves a wide array of consumers with many of Japan's leading OTC drugs and health-related products. In addition, the Prescription Pharmaceutical Operation Group is a leader in Japan's market for antibacterial agents, with a focus on the field of infectious diseases.

Taisho Pharmaceutical Holdings aims to increase corporate value through a sound balance of these two core businesses.

Self-Medication Operation

We are a leader in Japan's self-medication market with many top brands including the *Lipovitan* series of energy drinks, the *Pabron* series of cold remedies and the *RiUP* series of hair regrowth treatments.

Market Environment

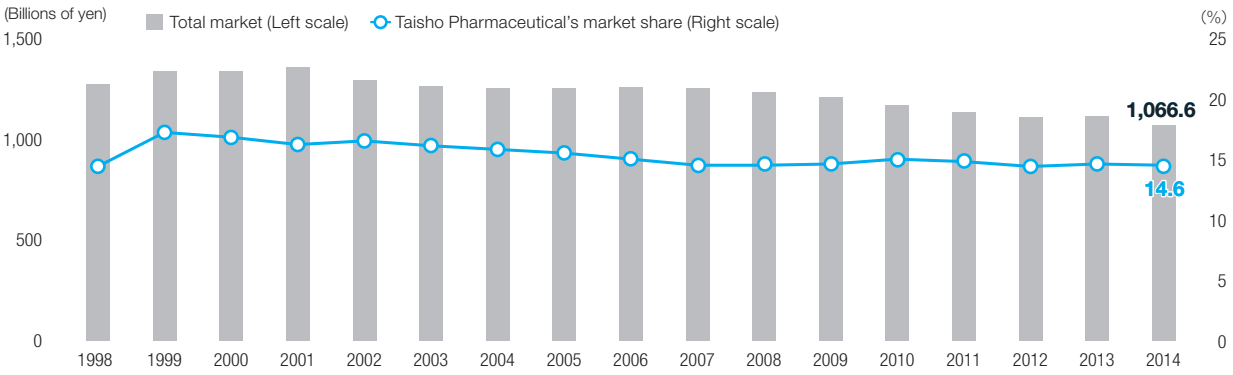
During the fiscal year ended March 31, 2015, growth in Japan's over-the-counter (OTC) drug market stagnated due to a pullback in demand following the surge in purchasing prior to the April 2014 increase in the consumption tax rate, and unseasonable summer weather caused growth of sales of energy drinks to slow during their peak sales period. As a result of these and other factors, the market contracted 3.9% compared with the previous fiscal year to ¥1,066.6 billion and has remained stagnant.

On the other hand, the operating environment of the OTC drug market features various government initiatives under a national strategy of helping people maintain their own health through self-medication from the perspectives of reducing constantly rising medical expenses and increasing healthy life expectancy, given factors such as the rapidly aging society with a low birth rate and the increasing incidence of lifestyle diseases.

In addition, the amendment of the Pharmaceutical Affairs Act in June 2014 created the new category of Pharmacist Intervention Required Medicines for designated drugs that require particular care in use. This and other initiatives have promoted the establishment of an environment that encourages the appropriate selection and use of OTC drugs, enabling the sale of Category 1, 2 and 3 medicines over the Internet under specific conditions. Moreover, the current approval process for recategorizing ethical drugs as OTC drugs is under review in order to promote a smoother, more transparent transition. As a trial initiative to promote autonomous healthcare by expanding the range of consumer choices, a new labeling system for functional foods went into effect in April 2015. This has expanded the food function claims permitted on labels, which had been approved for Foods for Specified Health Use and Foods with Nutrient Functional Claims.

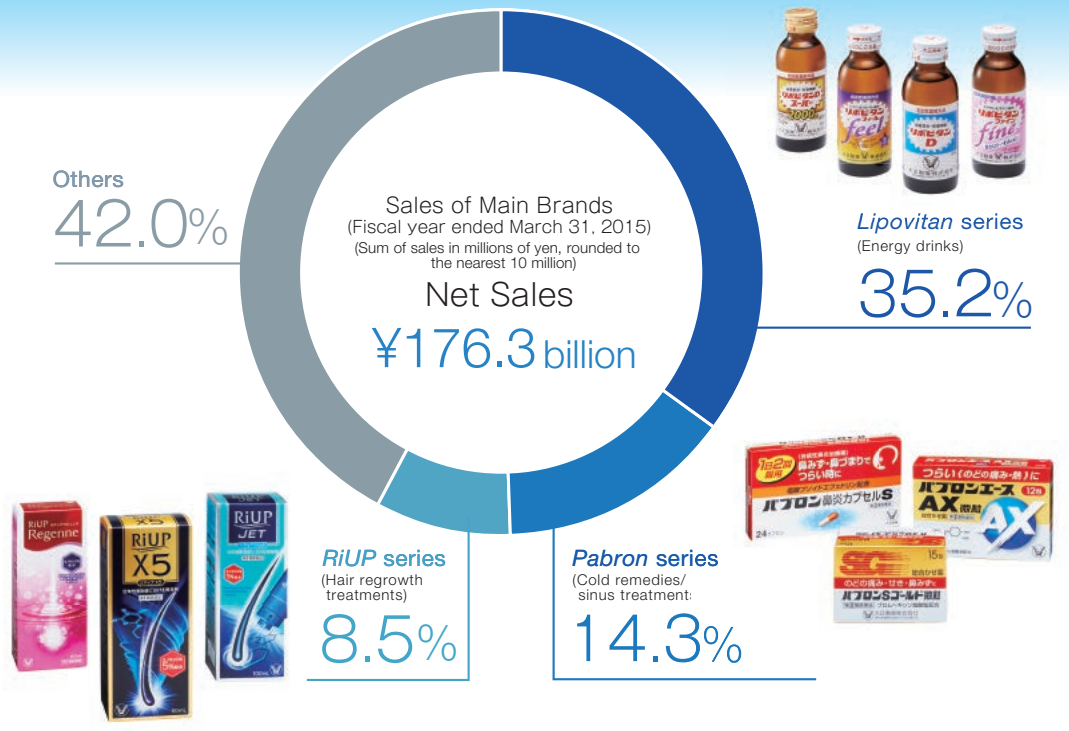
In this environment, health awareness is continuously rising among consumers and their needs are diversifying. The self-medication market is expected to grow over the medium and long term, but companies need to listen better to consumers, and marketing activities must be different from those in the past.

Japan's Over-the-Counter (OTC) Drug Market (Fiscal years)



Source: INTAGE Inc.
Note: Includes quasi-drug energy drinks and mini-drinks sold through drug-oriented channels. (Taisho's estimates based on INTAGE SDI/SRI data)

Group



Initiatives in Japan

The leading brands that account for more than half of sales in the self-medication business in Japan include the *Lipovitan* energy drink series, the *Pabron* series of cold remedies and the *RiUP* series of hair regrowth treatments. All of these brands are leaders in their categories, and are representative of the strong support Taisho Pharmaceutical receives from Japanese consumers.

In Japan, we are enhancing activities to create demand and build strong brands. In our existing businesses, we are working to maintain sales by introducing new products that meet consumer needs, with a focus on mainstay brands including the *Lipovitan* series, the *Pabron* series and the *RiUP* series. Other initiatives for future growth include nurturing new brands and enhancing direct communication with consumers. Specifically, based on market surveys and other data we are developing new products that meet consumer needs we see in markets we consider favorable. Moreover, we are conducting marketing activities that appeal directly to consumers to nurture new brands that will generate future growth.

We expanded our product lineup during the fiscal year ended March 31, 2015. In July 2014, we launched *KOBARASAPŌTO*, a carbonated beverage that helps to control hunger on an empty stomach. In December 2014, we launched the nutritional supplement *Taisho Glucosamine Soluble Type for Drinking*. Other product launches included *TAISHO QUICK CARE For STOMATITIS*, a Designated Category 2 medicine launched in March 2015.

Initiatives Overseas

The Taisho Pharmaceutical Group is strengthening its self-medication business in Southeast Asia, which is expected to be an expanding market due to population and economic growth. We are leveraging the solid business platform we acquired when entering the region in earnest in 2009 to develop business with a focus on Indonesia, Thailand, Malaysia, and the Philippines.

We are aggressively expanding overseas operations. In 2011, we acquired all of the shares of Malaysian drug manufacturer Hoepharma Holdings Sdn. Bhd. In 2012, we acquired all of the shares of a Mexican pharmaceutical company group of four companies including Compañia Internacional de Comercio, S.A.P.I. de C.V., and integrated the OTC drug business of Osotspa Co., Ltd. in Thailand. Moreover, in 2014 we acquired the sales rights for the anti-inflammatory analgesic *Flanax* from the Roche Group in the Philippines.

During the fiscal year ending March 31, 2016, we forecast that we will achieve our longstanding target of an overseas sales ratio of 10% of consolidated net sales. For OTC drugs, we will maximize the value of the brands and other assets we have acquired, including the topical anti-inflammatory analgesic *Counterpain* and the antipyretic analgesic *Tempra*. For energy drinks, we will expand business by offering products and conducting promotional activities that meet the needs of the countries we serve, with a focus on Thailand and other countries in Asia where population and economic growth continue.

In addition, we are preparing to market our in-house ethical drugs in Southeast Asia to generate further growth.

Highlights: New Products Launched in and after March 2015

TAISHO QUICK CARE For STOMATITIS

(Designated Category 2 Medicine)
Launched in March 2015

This topically applied treatment for canker sores contains a steroid component (triamcinolone acetonide). We applied Aqua Sensor Barrier* technology to fully protect the affected area. The features of this technology are that the ointment adheres to the affected area when applied and attracts saliva and other liquids to keep the ointment from sticking to the teeth and surrounding areas, thus enabling the ointment to remain on the affected area for extended periods.

*Aqua Sensor Barrier is a registered trademark of Taisho Pharmaceutical.

RAIZIN

(Carbonated Beverage)
Launched in April 2015

RAIZIN is an energy drink featuring a refreshing jolt of strong carbonation and ginger with a smooth aftertaste. We have launched it in convenience stores and railway station shops throughout Japan.

The product packaging embodies a slick coolness with a metallic silver can featuring a powerful eagle wing motif. This energy drink helps people on the go.

Glucocare Dark Green Tea Flavor (Stick-type Packaging Granules)

(A Food for Specified Health Use (FOSHU))
Launched in April 2015

Under the *Livita* brand, we added *Dark Green Tea Flavor* to the FOSHU *Glucocare (stick-type packaging granules)* lineup for slowing the sharp rise of blood sugar levels after meals.

This product is a pleasure to drink because our proprietary cultivation method cycles large amounts of nutrients to each tea leaf and we use steam to extract full-bodied flavor from the heart of these leaves to create a rich concentrate of tea constituents that achieves strong, deep, freshly brewed flavor.

Prescription Pharmaceutical Operation

We are proceeding with R&D focused on priority fields and engaging in sales and marketing centered on infectious diseases, inflammatory/immunologic diseases, and metabolic diseases.

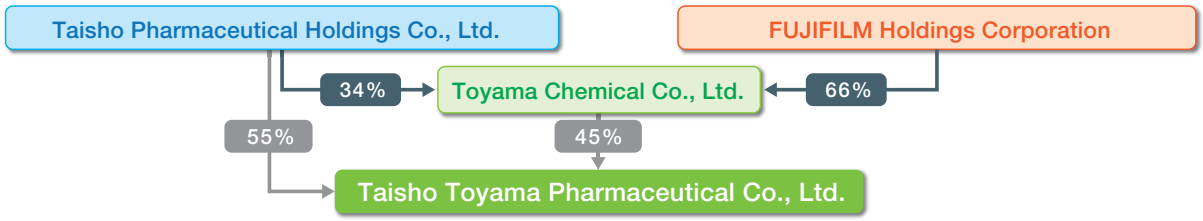
Market Environment

The scale of Japan's ethical drug market is significantly affected by measures to optimize medical expenses, including drug price revisions generally conducted every two years and further promotion of generic drugs. The pharmaceutical industry average for drug price revisions was negative 6% in 2012 and negative 2.65% in 2014. In addition, the market volume share of generic drugs increases every year. In May 2015, the Minister of Health, Labour and Welfare (MHLW) set a market volume share target for generic drugs of 80% or more by the end of fiscal 2020. In this environment, the ethical drug market in the fiscal year ended March 31, 2015 decreased 0.6% year on year to about ¥9,960 billion, and challenging conditions persisted. Pharmaceutical companies increasingly need the ability to develop highly original new drugs in order to continue operating in the prescription pharmaceutical business.

In 2002, the Taisho Pharmaceutical Group established Taisho Toyama Pharmaceutical Co., Ltd., a joint venture with Toyama Chemical Co., Ltd. that sells ethical drugs in Japan, in order to enhance its ability to develop new drugs in the prescription pharmaceutical business. In the framework that resulted from this alliance, Taisho Toyama Pharmaceutical sells the new drugs that both Taisho Pharmaceutical and Toyama Chemical discover, develop and launch.

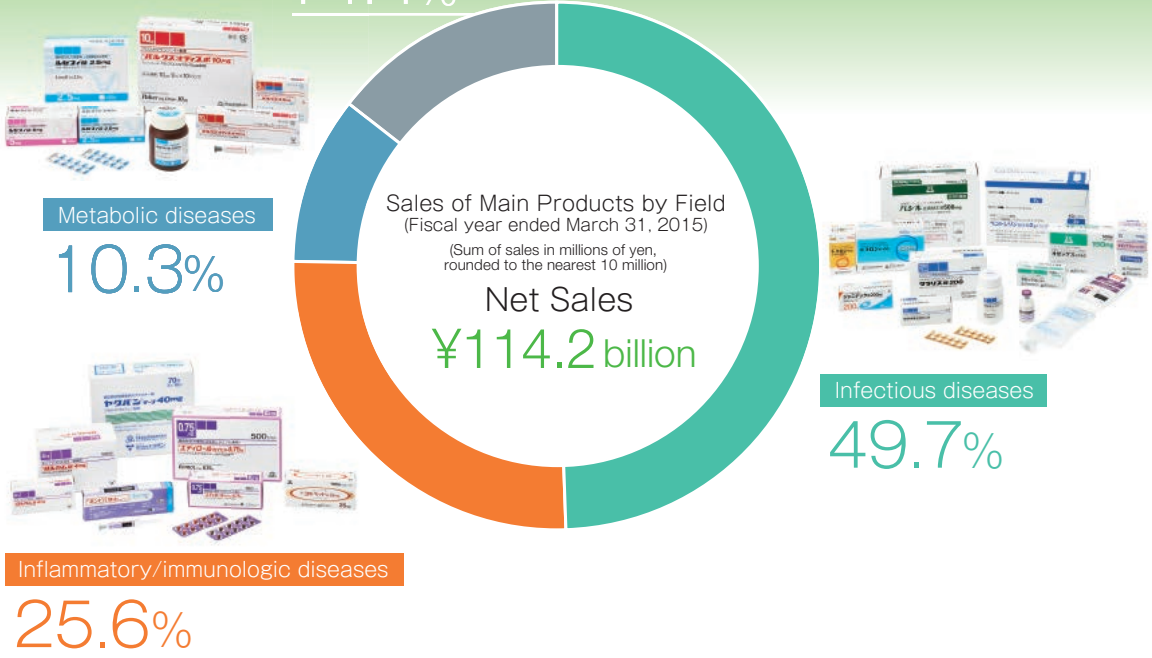
The Taisho Pharmaceutical Group's Prescription Pharmaceutical Business

(Percentages represent equity share)



Japan's Ethical Drug Market (Fiscal years)

Group



Initiatives during the Fiscal Year Ended March 31, 2015

Taisho Pharmaceutical, which handles new drug R&D, has focused on therapeutic areas in which it is concentrating resources to conduct initiatives to quickly launch new products and to promote in-licensing of promising compounds from and joint research with companies in Japan and overseas.

Sales company Taisho Toyama Pharmaceutical is a leading company in Japan's market for antibacterial agents and has designated the infectious diseases field as a priority area in which it is strengthening its presence with a focus on *ZOSYN*, a combination antibiotic with a beta-lactamase inhibitor, and *Clarith*, a macrolide antibiotic. In the inflammatory/immunologic diseases field, Taisho Toyama Pharmaceutical is steadily providing detailed information to promote the prescription of drugs including the bisphosphonate osteoporosis agent *Bonviva*, which was launched in fiscal 2013, and the active vitamin D_3 osteoporosis agent *Edirol*, which was launched in fiscal 2011. Taisho Toyama Pharmaceutical entered the metabolic diseases field with the May 2014 launch of type 2 diabetes mellitus agent *Lusefi*. From the fiscal year ended March 31, 2015, it has also been concentrating on metabolic diseases, centered on *Lusefi*, as a third priority field following infectious diseases and inflammatory/immunologic diseases.

Main Products

Product Name	Description	Launch
ZOSYN	Injectable combination antibiotic with a beta-lactamase inhibitor	October 2008
Edirol	Oral active vitamin D_3 osteoporosis agent	April 2011
Clarith	Oral macrolide antibiotic	June 1991
Palux	Prostaglandin E1 preparation (peripheral vasodilator)	October 1988
OZEX	Oral new quinolone antibacterial	April 1990
Geninax	Oral quinolone antibacterial	October 2007
Bonviva	Injectable antiresorptive bisphosphonate osteoporosis agent	August 2013
Biofermin	Live lactobacillus preparation	—
Lusefi	Type 2 diabetes mellitus agent (selective SGLT2 inhibitor)	May 2014
Lorcam	Nonsteroidal anti-inflammatory/analgesic	February 2001
Yakuban	Transdermal anti-inflammatory analgesic patch formulation	—
LUPRAC	Loop diuretic	December 1999

Drugs under Development

Taisho Pharmaceutical has designated infectious diseases, orthopedic disorders, central nervous system (CNS) diseases and metabolic diseases as its priority fields for R&D.

In the fiscal year ended March 31, 2015, applications for manufacturing and marketing approval were filed with the Ministry of Health, Labour and Welfare for two new drug candidates to follow the type 2 diabetes mellitus agent *Lusefi* launched in May 2014. Taisho Pharmaceutical filed an application for TT-063, an anti-inflammatory analgesic patch formulation co-developed with Group company TOKUHON Corporation. An application for CT-064, an oral formulation of biphosphonate osteoporosis agent *Bonviva* co-developed by Taisho Pharmaceutical and Chugai Pharmaceutical Co., Ltd., was filed by Chugai Pharmaceutical. In the CNS field, a clinical trial of TS-091 is under way in Japan in patients with central disorders of hypersomnolence, and a clinical trial has also begun for TS-091 overseas. TS-121 is undergoing a clinical trial overseas for the indication of depression.

As competition in new drug discovery intensifies, we are working to enhance our pipeline (lineup of drugs under development) by conducting R&D with external research institutions and companies in Japan and overseas to continuously promote the development of numerous new drugs with a focus on priority fields.

Pipeline (As of July 30, 2015)

In Japan

Name (Formulation)	Planned application	Development	Originator	Description	Remarks
Phase 3					
TT-063 (Topical)	Osteoarthritis and other conditions	Co-development with TOKUHON	TOKUHON	Anti-inflammatory analgesic patch formulation containing S-flurbiprofen	
CT-064 (Oral)	Osteoporosis	Co-development with Chugai Pharmaceutical	Roche	Antiresorptive bisphosphonate	Generic name: Ibandronate Sodium Hydrate Chugai Pharmaceutical development code: RG484
Phase 2					
TS-091 (Oral)	Central disorders of hypersomnolence	In-house	Taisho Pharmaceutical		
TS-152 (Injection)	Rheumatoid arthritis	In-license	Ablynx		Generic name: Ozoralizumab

Overseas

Name (Formulation)	Planned application	Development	Originator	Description	Remarks
Phase 1					
TS-071 (Oral)	Type 2 diabetes	In-house	Taisho Pharmaceutical	Sodium-glucose cotransporter 2 (SGLT2) inhibitor	Generic name: Luseogliflozin Hydrate In Japan: Launched in May 2014 (Product name: *Lusefi*)
TS-111 (Oral)	Depression	In-house	Taisho Pharmaceutical		
TS-121 (Oral)	Depression	In-house	Taisho Pharmaceutical		
TS-091 (Oral)	Central disorders of hypersomnolence	In-house	Taisho Pharmaceutical		
TS-134 (Oral)	Schizophrenia	In-house	Taisho Pharmaceutical		

Highlights

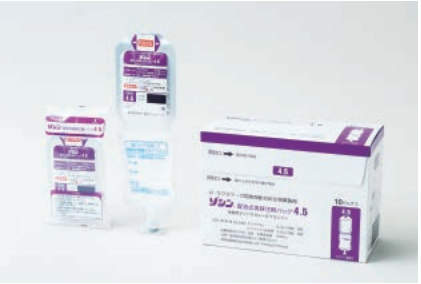
Agreement Covering the Development and Commercialization of a Rheumatoid Arthritis Treatment in Japan

In June 2015, Taisho Pharmaceutical entered into an exclusive license agreement with Ablynx (head office: Belgium) for the development and commercialization of anti-TNFα (tumor necrosis factor α) Nanobody, ozoralizumab, for the treatment of rheumatoid arthritis (RA) in Japan.

Ozoralizumab is a next-generation TNFα blocker developed by Ablynx. This therapeutic antibody consists of two Nanobodies targeting TNFα, which are linked to a Nanobody that binds to human serum albumin, extending the drug's half-life and improving its distribution to inflamed joints *in vivo*. The Taisho Pharmaceutical Group intends to provide patients with an additional treatment option for RA through the development of ozoralizumab.

Launch of *ZOSYN 4.5 for Intravenous Infusion Bag*

In June 2015, Taisho Toyama Pharmaceutical began marketing *ZOSYN 4.5 for Intravenous Infusion Bag*, a new dosage form of *ZOSYN 2.25* and *ZOSYN 4.5*, which are intravenous injection formulations of an antibiotic combined with a beta-lactamase inhibitor (generic name: tazobactam and piperacillin for injection). The advantages of this kit formulation include eliminating time spent at medical institutions preparing the infusion solution, preventing mistakes during preparation and contamination with bacteria or foreign matter, and enabling rapid response in emergency situations.



Application for Manufacturing and Marketing Approval Filed for Anti-Inflammatory Analgesic Patch Formulation TT-063

Taisho Pharmaceutical filed an application for manufacturing and marketing approval of TT-063 to the Ministry of Health, Labour and Welfare.

TT-063 is an anti-inflammatory analgesic patch formulation co-developed with consolidated subsidiary TOKUHON. It demonstrated significantly superior analgesic effect relative to existing products in a Phase 3 clinical trial. Taisho Pharmaceutical filed the application for manufacturing and marketing approval of TT-063 in October 2014 for osteoarthritis and is working to provide it to patients and healthcare professionals as early as possible.

ESG Section
(Environmental, Social and Governance)

The Taisho Pharmaceutical Group has positioned enhanced corporate governance as a management priority and maintains a structure for communicating information to the management and control organizations of Taisho Pharmaceutical Holdings and Group companies under a basic approach of properly implementing management and control for the Group as a whole. In addition, we actively make efforts as a good corporate citizen that include considering the environment in all Group corporate activities, supporting life science-related research, promoting self-medication, and contributing to sports and the arts.

The Group will fulfill its responsibility as a pharmaceutical company through various initiatives that address the requirements and expectations of society.

Quality Assurance Framework

The Taisho Pharmaceutical Group sees all consumers as potential customers. Consumers equal customers, so we are structuring a Groupwide quality assurance framework to consistently provide safe and reliable products.

Quality Assurance Framework

Companies are built on the trust of society, including consumers. We therefore believe that we must create a framework aligned with their needs by communicating broadly with society to accurately understand changes in the social environment including advances in information technology, globalization, environmental initiatives and legal changes.

We need to build, maintain and improve a framework for enhancing safety and reliability, and we also need to continuously review the validity of our initiatives. The Quality Assurance Headquarters was established in April 2004 to make quality assurance operations independent of each process line and centralize their management. It identifies issues, resolves problems and undertakes initiatives to maintain and enhance the level of safety and reliability.

We understand safety and reliability from four perspectives, and conduct activities to satisfy these perspectives. Quality assurance activities are implemented to ensure that the requirements are satisfied from each perspective.

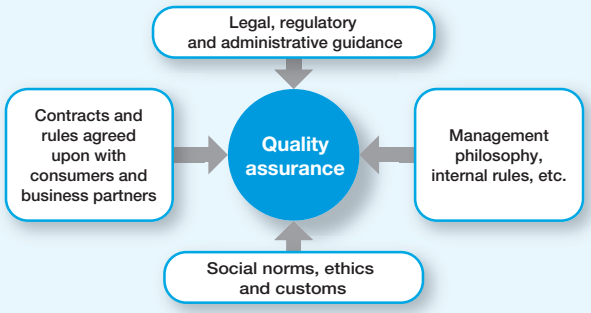
Quality Assurance Initiatives

The Taisho Pharmaceutical Quality Assurance Headquarters conducts postmarketing quality assurance and safety management, clinical trial audits, quality assurance of studies conducted by research laboratories, and planning and proposals for quality assurance operations.

The fundamental role of the Quality Assurance Headquarters is to conduct evaluations to confirm that products comply with relevant laws and that their quality and safety are secured by scientific evidence. From a broader perspective, we also evaluate their alignment with social norms, ethics and customs.

Furthermore, to clarify the standards for these evaluations, the Quality Assurance Headquarters has formulated a Fundamental Philosophy for Quality Assurance and Fundamental Policies for Quality Assurance. They are the basis for appointing each officer required in quality assurance activities, incorporating a Plan-Do-Check-Act (PDCA) cycle into processes for ensuring that quality assurance is put into practice, and working to upgrade and

The Four Perspectives of Safety and Reliability



Fundamental Philosophy for Quality Assurance

We constantly strive to ensure product safety and to improve product quality from the consumer's perspective. We are also dedicated to the satisfaction and peace of mind of our customers. This commitment is unwavering.

Fundamental Policies for Quality Assurance

1. Stance
We will listen to consumers and meet their expectations.

2. Technology
We will constantly aim for the most advanced technology, adopting a global perspective.

3. Management
We will constantly work on self-management activities that ensure the reliability of our activities.

Quality Assurance Organization for Taisho Pharmaceutical Holdings and Taisho Pharmaceutical

	Unit	Operations Overview
Taisho Pharmaceutical Holdings	Quality Assurance Management Section	Quality assurance and safety management of the products of Taisho Pharmaceutical Group companies in Japan and overseas
Taisho Pharmaceutical Quality Assurance Headquarters	Product Quality Assurance Division	Quality assurance for products including pharmaceuticals, quasi-drugs, cosmetics, medical equipment and food
	Prescription Drug Pharmacovigilance Division	Safety management for ethical drugs and investigational new drugs
	Postmarketing Surveillance Division	Postmarketing surveillance for ethical drugs, and quality assurance for post-marketing safety management and surveillance
	Self-Medication Pharmacovigilance Division	Safety management for products including OTC drugs, quasi-drugs, cosmetics, medical equipment, food and investigational new drugs; postmarketing surveillance for Pharmacist Intervention Required Medicines
	GCP Audit Section	GCP[1] audits for clinical trials in Japan, and confirmation of the reliability and suitability of overseas clinical trials
	Non-Clinical Quality Assurance Section	Quality assurance for non-clinical studies and investigational new drugs
	Management Section	Management of manufacturing and marketing operations, promotion of quality assurance from R&D through post-marketing, and management of the Quality Assurance Headquarters

strengthen the implementation framework to make it even better.

Operational Framework of the Quality Assurance Headquarters

Centered on the Quality Assurance Headquarters, Taisho Pharmaceutical's quality assurance organization comprehensively ranges from research, development and manufacture, to postmarketing.

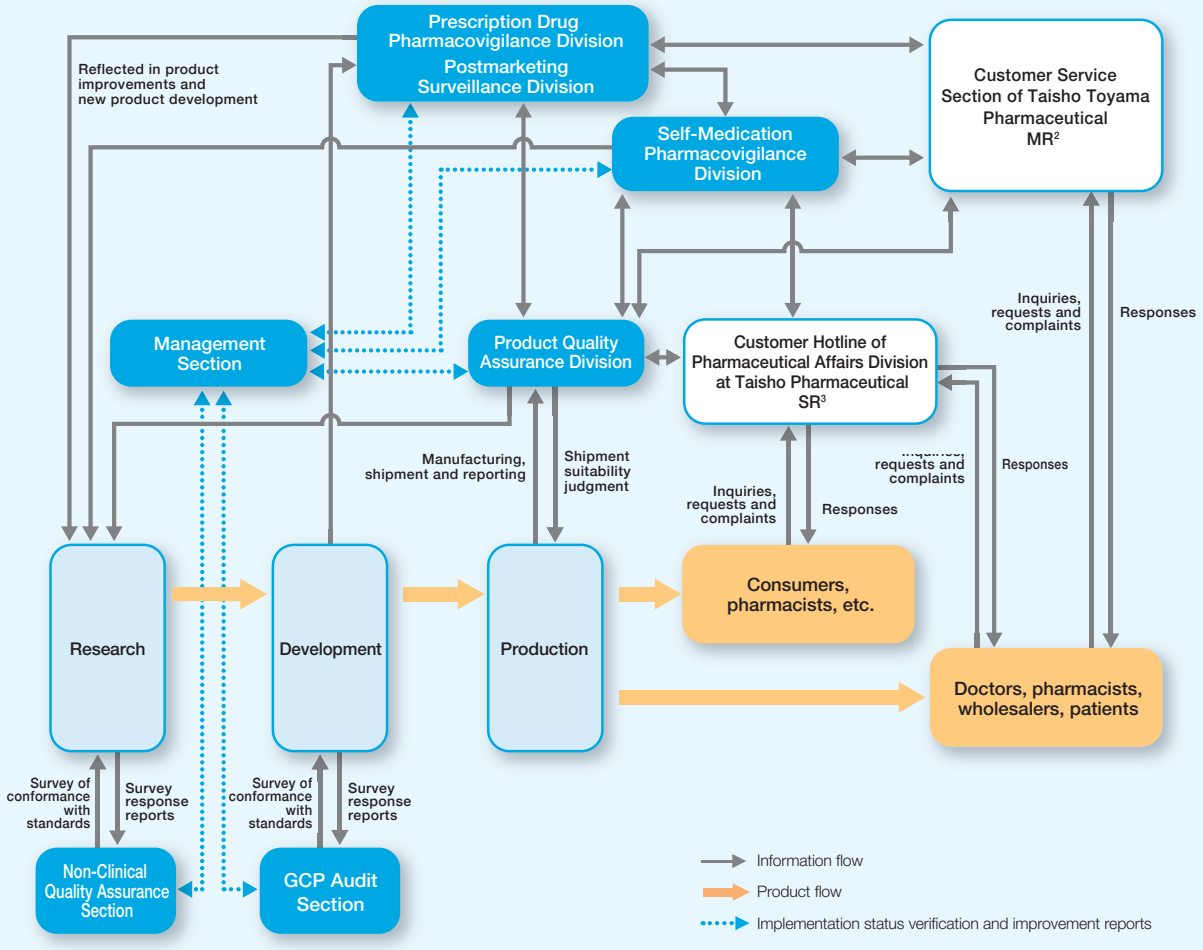
The first priority is presenting reliable results in evaluating safety and efficacy at the R&D stage. The Non-Clinical Quality Assurance Section and the GCP Audit Section conduct quality assurance at the R&D stage.

We have an organization that consistently assures the quality of the products we market. The Prescription Drug Pharmacovigilance Division and the Self-Medication Pharmacovigilance Division manage the safety of ethical drugs and OTC drugs, respectively, to enable their appropriate use in accordance with their particular features. In addition, the Product Quality Assurance Division manages the quality of both of these product categories. We have also established the Postmarketing Surveillance Division to promote postmarketing surveillance for ethical drugs, and the Management Section to maintain and promote the PDCA cycle in all of these units.

Taisho Pharmaceutical Group Initiatives

In April 2015, Taisho Pharmaceutical Holdings launched the Quality Assurance Management Section to address accelerating globalization by steadily promoting quality assurance and safety management operations at Group companies in Japan and overseas.

Operational Framework of Taisho Pharmaceutical's Quality Assurance Headquarters



Notes: 1. GCP: Good Clinical Practice; quality standards for conducting clinical trials
2. MR: Medical representatives, who are responsible for providing information about prescription pharmaceuticals
3. SR: Sales representatives, who are responsible for sales of OTC drugs and other products

Corporate Governance

Taisho Pharmaceutical Holdings has positioned corporate governance as a management priority with the aim of establishing a strong management foundation to achieve steady growth and development.

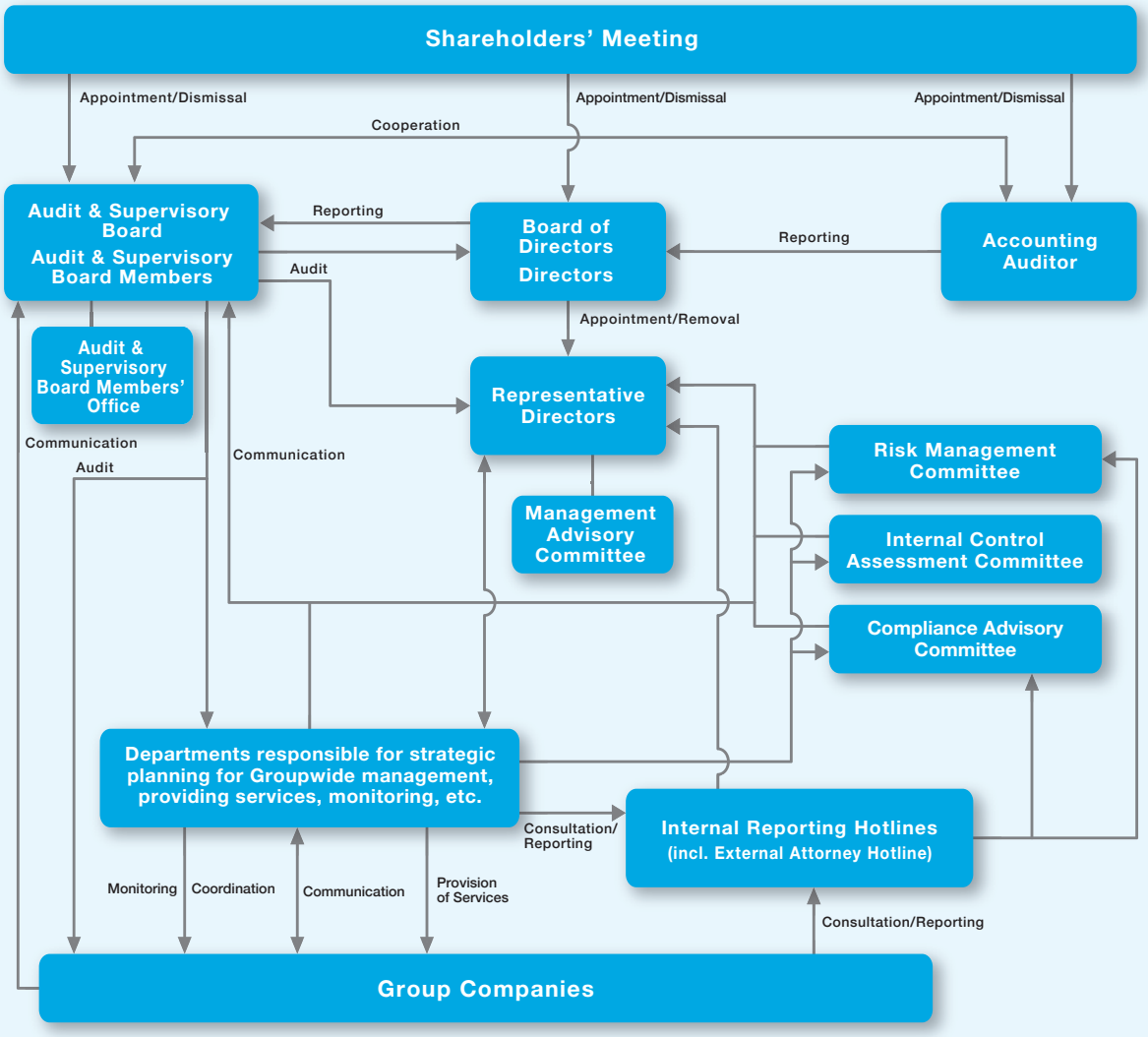
Basic Approach

The Taisho Pharmaceutical Group (the "Group") aims to establish even stronger management foundations to ensure that it continues to achieve steady growth and development amid global competition.

Taisho Pharmaceutical Holdings Co., Ltd. (the "Company") was established as a pure holding company on October 3, 2011 to manage the Group as a whole. The Company is responsible for formulating Group management strategy and effectively allocating resources to businesses and operations in Japan and overseas with the objective of increasing corporate value by generating sustainable, balanced growth and strengthening competitiveness in the Self-Medication Operation Group and Prescription Pharmaceutical Operation Group, and by achieving synergies between these two businesses.

Accordingly, the Company has established an appropriate Groupwide management framework for properly monitoring and supervising the status of business and operational execution at the Company and Group companies. Specifically, the Group's basic approach to corporate governance is to establish a corporate governance structure and

Corporate Governance Structure



properly implement this structure, with the aim of achieving its overall business objectives and fulfilling its social responsibilities. The basic principle behind these efforts is for the Board of Directors and the Audit & Supervisory Board or its members to work in close collaboration, while properly managing the entire Group by exchanging information with the business management bodies of the Company and Group companies.

Corporate Governance Structure

The Company has adopted a corporate governance structure with a Board of Directors and an Audit & Supervisory Board. As of June 26, 2015, the Company has nine directors, two of whom are outside directors, and four Audit & Supervisory Board members, two of whom are outside members.

● Board of Directors

The Board of Directors holds meetings regularly and as necessary, at which the directors make decisions on important matters related to the Company's business execution and Groupwide management and monitor operations undertaken based on their decisions. The Management Advisory Committee, whose members include the Company's representative directors, serves as an advisory body to the Board of Directors. It meets on an as-required basis and deliberates important matters, including matters put forward to the Board of Directors, further facilitating effective and rapid management decision-making.

● Audit & Supervisory Board

The Audit & Supervisory Board meets, in principle, at least once every three months. At these meetings, its members exchange opinions regarding the status of the audits they conduct in accordance with principles and standards for audits that have been established by the Audit & Supervisory Board, and receive reports on the processes and results of audits conducted by the accounting auditor and on internal control system audits. Audit & Supervisory Board members check the status of business execution and asset protection and report as appropriate to representative directors and the Board of Directors, providing advice as needed.

● Outside Directors and Outside Audit & Supervisory Board Members

As of June 26, 2015, the two outside directors and two outside Audit & Supervisory Board members are as listed below. Two of the Company's nine directors are independent directors who do not have conflicts of interest with general shareholders.

● Other Frameworks

The Company has set up various committees to address a variety of across-the-board business

■ Outside Directors and Reasons for Their Appointment

Toshio Morikawa (Independent Officer)	Mr. Morikawa has extensive management experience, and the Company expects that his accumulated knowledge and experience will allow him to provide appropriate advice with respect to the Company's management, which will strengthen its corporate governance structure.
Hiroyuki Uemura (Independent Officer)	The Company expects to make use of Mr. Uemura's extensive experience in and knowledge of corporate management and to receive guidance from an independent and objective perspective that promotes sound and efficient Group management.

■ Outside Audit & Supervisory Board Members and Reasons for Their Appointment

Chushiro Aoi (Independent Officer)	Mr. Aoi has extensive experience and knowledge as a corporate manager. The Company therefore expects that he will fulfill his role as an Audit & Supervisory Board member with an external perspective.
Junya Sato	The Company expects that Mr. Sato's extensive experience and knowledge as an attorney-at-law and his strong commitment to legal compliance can be put to use in strengthening its audit organization.

management issues faced by the Company and Group companies. These committees include the Risk Management Committee, the Compliance Advisory Committee and the Internal Control Assessment Committee. The Company implements Groupwide monitoring of various issues in each field, and has a reporting system in place to ensure that appropriate information is communicated to business managers at the Company and various Group companies.

In addition, the Company and Group companies appropriately communicate management-related information on the status of business execution and related tasks to directors and Audit & Supervisory Board members through channels including information meetings held by the key divisions of each company.

Internal Audits and Audits by Audit & Supervisory Board Members

The Audit Division is an organization exclusively for auditing and is independent of the Company's lines of business execution. Consisting of eight staff members as of June 26, 2015, this division formulates annual audit plans according to the significance of various risks, based on which it performs internal audits in accordance with the Company's internal auditing regulations. In addition, it maintains close contact with the audit organizations of Group companies, with a view to overseeing and managing the implementation of internal audits by Group companies. Regarding internal control audits, the Audit Division and the accounting auditor cooperate to enable the appropriate and efficient execution of mutual audit operations by sharing information concerning audit plans, procedures and verification results.

The Audit & Supervisory Board is composed of two full-time members and two outside members. In addition, the Auditor & Supervisory Board Members' Office has a specialized staff to enhance the effectiveness of audits by Audit & Supervisory Board members.

Audit & Supervisory Board members conduct comprehensive audits of all director duties in line with audit policies formulated in accordance with audit standards set by the Audit & Supervisory Board.

Full-time Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings, and routinely audit the decision-making of the Board of Directors and directors and the status of execution of directors' duties.

The Audit & Supervisory Board receives reports on the status of execution of duties and the progress and results of accounting and Audit Division audits, and reports to the representative directors and other directors on the status and results of audits carried out by the Audit & Supervisory Board.

The Audit & Supervisory Board members, the Audit Division and the accounting auditor communicate with each other to support the execution of efficient and effective audits.

Accounting Auditor

The Company has concluded an audit contract with and undergoes audits by PricewaterhouseCoopers Aarata in accordance with the Financial Instruments and Exchange Act and the Companies Law.

Internal Control System

By resolution of the Board of Directors, the Company has set "Fundamental Internal Control Policies" in accordance with the Companies Law, and is working to further enhance systems for internal control. It has developed various in-house systems and regulations that provide the basis for internal control, and is working to ensure their proper implementation by promoting Groupwide understanding and adherence. Also, the Company has established a structure to monitor whether business operations are conducted appropriately and efficiently based on laws, ordinances and various in-house systems and regulations. This structure is underpinned by the Audit Division, the Compliance Management Section, the Legal Division, the Financial Division, and the Quality Assurance Management Section. Moreover, in connection with internal control of financial reporting operations, relevant divisions periodically conduct self-assessments, and the Audit Division conducts internal audits. Continuous improvement activities are implemented based on the results of these assessments and audits.

The Company has established the Internal Control Assessment Committee as an advisory body to the representative directors for the purpose of issuing reports in accordance with the internal control reporting system of the Financial Instruments and

Exchange Act. This committee evaluates the results of self-assessments and internal audits of the status of development and implementation of internal controls for financial reporting, and issues reports on the results of its evaluations to the representative directors.

Compensation of Directors and Audit & Supervisory Board Members

The Board of Directors decides compensation for directors, and the Audit & Supervisory Board members discuss and decide compensation for Audit & Supervisory Board members, within the scope of total officer compensation determined in advance by a resolution of the General Meeting of Shareholders. Directors receive fixed monthly compensation deemed commensurate with their rank and duties and other considerations including the Company's circumstances. Audit & Supervisory Board members receive fixed monthly compensation deemed commensurate with their authority to audit the execution of duties by directors from an independent perspective.

The Company has decided, based on a resolution at the Ordinary General Meeting of Shareholders held on June 28, 2012, to introduce stock options (stock acquisition rights) for a stock-linked compensation plan, in lieu of retirement bonuses, for the Company's directors (excluding outside directors). This was done to provide the directors with further incentive and motivation to contribute to the improvement of business results and corporate value over the medium to long term.

Initiatives to Invigorate the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

The Company endeavors to send the Notice of Convocation of the General Meeting of Shareholders as early as possible, with a target date three weeks before the meeting is convened. The Company also makes the Notice of Convocation available on its website. In 2015, the Company began making the notice available on its website and via the Tokyo Stock Exchange Listed Company Information Service prior to sending it. The Company has been posting a condensed English version of the notice and related reference materials on its website since the Ordinary General Meeting of Shareholders held in June 2013.

In addition, the Company has been using information technology for the electronic exercise of voting rights since the Ordinary General Meeting of Shareholders held in June 2013 in order to enhance convenience for individual and institutional investors. The Company also participates in ICJ Co., Ltd.'s electronic voting platform.

Compensation of Directors and Audit & Supervisory Board Members

(Year ended March 31, 2015)

	Total amount of compensation (Millions of yen)	Total amount by type of compensation (Millions of yen)		Number of eligible directors/Audit & Supervisory Board members
		Basic compensation	Stock options	
Directors (excluding outside directors)	204	162	42	8
Audit & Supervisory Board members (excluding outside members)	25	25	—	2
Outside directors and outside Audit & Supervisory Board members	24	24	—	3

Notes: 1. Director compensation does not include compensation directors receive for concurrently serving as employees of the Company.
2. Director compensation is limited to an annual total of ¥360 million by resolution of the first General Meeting of Shareholders held on June 28, 2012. Compensation for outside directors is limited to ¥36 million. In addition, separate compensation as stock options is limited to an annual total of ¥70 million.
3. Audit & Supervisory Board member compensation is limited to an annual total of ¥60 million by resolution of the first General Meeting of Shareholders held on June 28, 2012.

Compliance

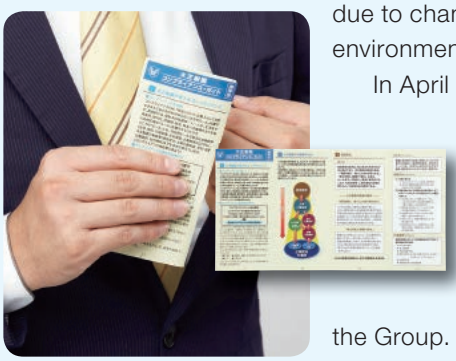
The Taisho Pharmaceutical Group, based on its management philosophy, values its founding spirit of "doing business as a *shinsho*,"* and is striving for Groupwide compliance.

**Shinsho* (literally translated as "gentlemanly business"): Refers to the operation of a business with honesty, diligence, and passion; instilling an individual and a company with pride to fairly interact with society and consumers.

Code of Conduct and Declaration of Corporate Conduct

In July 2001, Taisho Pharmaceutical Co., Ltd. formulated its Code of Conduct as standards of judgment for officers and employees when working to achieve its corporate mission and as basic guidelines for conduct at various workplaces. In addition, we work to instill thorough understanding of the code by providing each employee with a copy of the Compliance Guide, which concretely explains each item in the code.

In August 2006, to enable more immediate and specific understanding of the code, we formulated a code of conduct for each division. Divisions are using their codes as guidelines in the context of actual situations, and these codes are reviewed as needed due to changes in the business environment and organization.



Pocket-size Compliance Guide Booklet

In April 2010, in light of changes in society we formulated the Declaration of Corporate Conduct and announced it inside and outside the Group.

In March 2014, we distributed the Compliance Guide Booklet to further promote understanding and practical application of compliance in the workplace.

Compliance Framework

In order to ensure promotion of compliance activities, Taisho Pharmaceutical Holdings Co., Ltd. has appointed one of its officers as Compliance Officer and established the Compliance Management Section as a specialized unit.

All officers assist the Compliance Officer, and are responsible for compliance education in their respective divisions. General managers and group managers promote monitoring and education activities in their divisions and groups to ensure thorough compliance. Generally, two members of each division are in charge of compliance matters within their division. They assist the general manager in promulgating compliance and handle workplace monitoring and consultations with employees.

In addition, the Company has specified compliance themes shared by numerous divisions and has determined the divisions primarily responsible for relevant education. These divisions are known as the "departments in charge of specific areas." Companywide organizational activities are implemented in parallel with compliance promotion conducted by each division.

Moreover, we work to educate the employees of major subsidiaries regarding compliance in daily activities with social standards (including laws, social norms and corporate ethics) and our philosophy, Declaration of Corporate Conduct, Code of Conduct and internal rules.

In this manner, we broadly promote compliance activities that are rooted in the workplace. This spreads a compliance mindset throughout the Group and establishes a framework for quickly detecting and discussing compliance issues and questions in energetically working for Groupwide compliance.

Hotlines

Based on its Internal Reporting Regulations, Taisho Pharmaceutical Holdings has established wide-ranging hotlines for reporting, consultation and fielding concerns regarding actions such as corporate or individual violations of laws, ethics or internal rules. These include the Compliance Management Section Hotline, the Harassment Hotline, an external hotline known as the External Attorney Hotline, and the Counselor Section Hotline. Each of these hotlines is widely available to Taisho Pharmaceutical Group employees as well as personnel including contract employees, part-time employees and temporary

Link to the Taisho Pharmaceutical Group's Declaration of Corporate Conduct
▶ http://www.taisho-holdings.co.jp/en/about/compliance/declaration.html

Link to the Taisho Pharmaceutical Group's Code of Conduct
▶ http://www.taisho-holdings.co.jp/en/about/compliance/principles.html

employees. Regardless of the situation, in accordance with the Company's Internal Reporting Regulations, the privacy of hotline users is assured and related parties are obligated to maintain confidentiality.

Fair Business Practices

■ Approach to Purchasing

A fair approach to purchasing that complies with laws and regulations has become increasingly important given the current strict scrutiny of compliance and corporate ethics. We ensure thorough awareness among employees and request suppliers to understand and cooperate with our approach.

Purchasing Division Code of Conduct

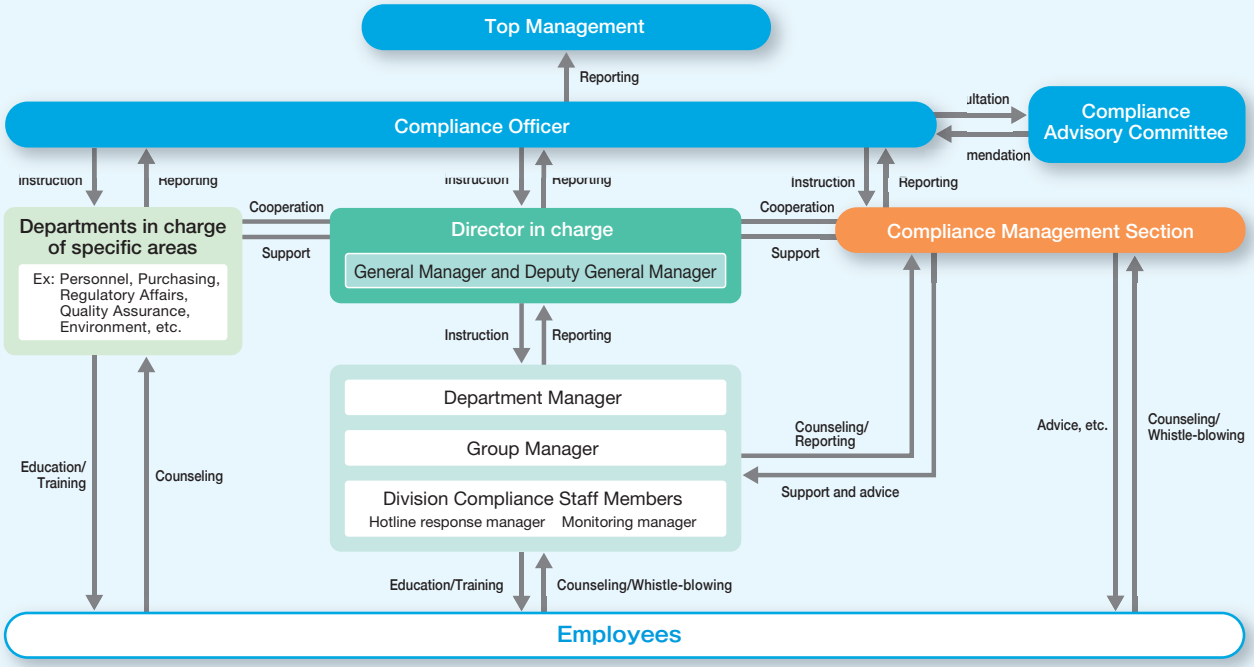
- Appropriate selection of suppliers and setting of transaction terms
- Stable procurement, cost management and supplier management
- Precise purchasing procedures
- Improvement of knowledge and capabilities as Purchasing Division employees
- Thorough purchasing compliance

■ Workshops for Suppliers

We regularly conduct workshops for suppliers to obtain their understanding of issues including our compliance, environmental initiatives and other policies, and pharmaceutical industry trends.

Fiscal 2014 Spring Supplier Meeting workshop

■ Compliance Organization Chart (Taisho Pharmaceutical)



Working Together with Employees

Taisho Pharmaceutical Holdings, Taisho Pharmaceutical and Taisho Toyama Pharmaceutical are working together with their employees to create better working environments with the aim of aligning our mission as stated in our corporate philosophy with our objective of achieving the self-expression of our employees.

Employment and Employee Development

In recent years, society wants every employee to grow as a corporate professional who is independent, contributes to corporate results, and is valuable to the company. The Taisho Pharmaceutical Group is working to create an employee support framework that respects individuality.

■ Employing Women and Promoting Them as Managers

We are proactively hiring women and creating a workplace environment to achieve our longstanding goal of being a company that empowers women. The ratio of female employees at Taisho Pharmaceutical Holdings and Taisho Pharmaceutical was 27.9% as of March 31, 2015.

As of March 31, 2015, the ratio of female managers at Taisho Pharmaceutical Holdings and Taisho Pharmaceutical was 12.8%, and a relatively high 22.0% at research centers. Since March 31, 2010, the ratio of female managers has increased 3.1% and the ratio of female line managers has increased 3.6%.

■ Employing Seniors

Amid rising societal demands to proactively use the capabilities of seniors, we have introduced a re-employment system that allows employees to keep working until age 65. As of March 31, 2015, a total of 132 people were working under this system at Taisho Pharmaceutical Holdings and Taisho Pharmaceutical.

In addition, we are addressing the revised Act on Stabilization of Employment of Elderly Persons. Moreover, we have introduced a performance-linked compensation system to further motivate re-employed personnel.

■ Total Life Plan Workshops

We help employees with life planning by conducting Total Life Plan Workshops at various life stages (four years after entering the company, and ages 32, 42, 54 and 58) to give employees opportunities to concretely review their life plans and goals.

Total Life Plan Workshop

Relationship with Unions

The Taisho Pharmaceutical Labor Union and the Taisho Toyama Pharmaceutical Labor Union had a total of 2,835 members as of March 31, 2015. With shared recognition that sound corporate operation results in stable employment of workers and improved lifestyles, the unions and management aim to create meaningful work environments. The unions' social contribution activities encompass raising money, making donations and energetically participating in various forums.

Traffic Safety Education

We continuously conduct activities to prevent accidents in and outside of work. Sixteen work accidents occurred at Taisho Pharmaceutical during the fiscal year ended March 31, 2015, including eight accidents during commuting.

Traffic safety initiatives include education for all new employees of sales departments, such as training at the Japan Safe Driving Center. As additional activities to prevent traffic and work accidents, we are studying the introduction of vehicles with full safety features, and each month we distribute *Traffic Safety News* to sales personnel.

Safety Confirmation System

We have introduced a safety confirmation system that uses mobile phones as one means to respond to emergencies such as natural disasters and accidents. We implement system tests to enable swift confirmation of employee safety in the event of a disaster. In addition, the Personnel Department intranet homepage provides information on the importance of arranging methods of regular communication so that families can also get in touch with each other in the event of an emergency.

Work-Life Balance

We strive for a work-life balance that allows our employees to fully exercise their capabilities in and outside of the workplace and achieve self-realization by leading the life they wish.

In the fiscal year ended March 31, 2015, 51.0% of yearly paid vacation days were used at Taisho Pharmaceutical Holdings and Taisho Pharmaceutical, with an average of 9.7 days used per employee.

In addition, as a policy to promote the use of yearly paid vacation days, we have introduced the Refresh Vacation System with the aim of promoting mental and physical refreshment and a break from routine. This system enables employees to take a maximum of five consecutive vacation days every year. In the fiscal year ended March 31, 2015, the Refresh Vacation use rate was 76.4%.

Moreover, the Stock Vacation System allows employees to accumulate a maximum of 60 yearly paid vacation days that employees can use to take paid leave of one week or more to deal with injuries or disease or to care for family members. Employees can also use the system for relief efforts after a disaster and to engage in various volunteer activities.

■ Systems to Support Working while Providing Childcare and Nursing Care

We have introduced various systems in response to the advent of an aging society with a low birth rate.

As of March 31, 2015, a total of 52 employees were using the Childcare Leave System of Taisho Pharmaceutical Holdings and Taisho Pharmaceutical, and 122 employees were using our Reduced Working Hour Childcare System.

We will continuously upgrade and expand relevant systems that allow highly motivated employees to continue working while providing childcare and nursing care. Examples include the Flex Work Childcare System, which employees can use until their children complete the third year of elementary school; the Childcare Plan of Fukuri Kosei Club; an E-Learning System employees can use while on childcare leave; and a Nursing Care Leave System.

Health Management

In order to maintain the health of our employees, we work with our health insurance society to conduct activities such as periodic medical examinations, specific health examinations, spouse health examinations, dental examinations, and health check-up assistance.

In addition, through the Safety and Health Committee we provide occupational physician visits and health guidance for people who work long hours.

■ Mental Healthcare

We have established a site on our intranet exclusively for providing mental health education, and have specified people to contact for mental health counselling at each office. In addition, we have an agreement with a counseling company to create an employee support program that enables various types of consultation. The privacy of the employees who use the program is duly respected, and personal information is not disclosed. We also hold workshops led by external instructors as needed.

Moreover, employee stress checks are mandatory, and we use the results of these checks to improve workplace conditions.

With Society

Each company in the Taisho Pharmaceutical Group cooperates with local governments and other bodies as a member of the community, building trust with local residents and conducting various social contribution activities.

Promotion of Sports

■ Baseball

Since 2013, Taisho Pharmaceutical has supported the dreams of the young people who are the future of professional baseball in Japan by sponsoring the television broadcast of the Nippon Professional Baseball Amateur Draft held by Nippon Professional Baseball. In addition, we help to expand the circle of friendship and goodwill among the children of the world through our support of the World Children's Baseball Fair held by the World Children's Baseball Foundation.

24th World Children's Baseball Fair in Ehime, International Exchange Games

Nippon Professional Baseball Amateur Player Draft

■ Rugby

We have supported the Japan National Rugby Football Union team as an official sponsor and promoted rugby since 2001. Since 2002, we have also been the main sponsor of the *Lipovitan D* Challenge Cup, which invites national and other teams from overseas for matches against Japan's national team, and have supported the team's European tour since 2013. We have also supported the Japan National Rugby Union (Sevens) team since 2013.

Japan National Rugby Football Union team (Photo courtesy of Japan National Rugby Football Union © 2015 JRFU)

Participation in and Cooperation with Social Activities

Aiming for a world free of hunger, we share the goals of the World Food Programme (WFP), an organization that conducts food assistance activities around the world. We have conducted supported activities since 2008 as a trustee of the Japan Association for the World Food Programme, a non-profit organization that supports WFP, and since 2009 we have supported End Hunger: Walk the World, a support program in which the general public can participate.

Moreover, we have supported Junior Achievement® Japan since 2005. This organization conducts support activities with the goal of cultivating socially self-reliant young people by helping them understand the structure of society and economic systems.

Relationship with the Local Government Where Our Headquarters Is Located

We work closely with the local government and police and fire departments where our headquarters is located to promote safety and security measures for the community. The Mejiro Area Special Organized Crime Prevention Countermeasure Consociation is a neighborhood consociation within the jurisdiction of the Mejiro Police Station, Metropolitan Police Department. Its aim is to eliminate special organized crime within the jurisdiction of the Mejiro Police Station. We have participated in its activities since its inception.

In addition, we are a party to the Takada Area, Toshima City Mutual Support Agreement during Disasters, etc., which is an agreement of mutual support among eight organizations including resident associations, city facilities and companies around our headquarters that promotes disaster countermeasures in cooperation with the local community, including cooperation in evacuation drills for neighborhood facilities.

Factory Tours

Factory tour

Taisho Pharmaceutical's Omiya, Okayama, and Hanyu factories host tours for a wide range of generations from children to adults, attended by over 4,000 visitors annually.

Tours explain the production processes for core products such as *Lipovitan D* and *Pabron* to communicate security and safety from a manufacturing site as an effort to share understanding of our quality control and environmental preservation activities. In addition, the Omiya Factory invites Saitama Prefecture elementary school students to take interactive factory tours that leave a lasting impression in ways including teaching subjects that are closely related to the community, such as the history of Yoshinohara Industrial Park, and incorporating quizzes. Since 2009, we have also been conducting factory tours for elementary schoolchildren and their parents who live in Toshima-ku, Tokyo Prefecture, where the Taisho Pharmaceutical headquarters is located.

Life Science Forums

We have been holding Life Science Forums since 1986 for science writers at Japan's newspapers with the goal of providing the latest medical information. A total of 190 writers participated in the forum for the fiscal year ended March 31, 2015, which provided a wide array of life science information ranging from cutting-edge research topics to broad life science topics.

Promotion Code and Transparency Guidelines Formulated

Pharmaceutical companies must cooperate with medical institutions and other organizations at every stage from R&D through manufacturing and sales, and therefore need to ensure transparency and highly ethical conduct.

As an organization that handles pharmaceuticals, the Taisho Pharmaceutical Group therefore consistently ensures highly ethical conduct and transparency, and has established and institutionalized a promotion code for its operations that enables it to meet societal requests.

Taisho Toyama Pharmaceutical discloses information based on the Japan Pharmaceutical Manufacturers Association's Transparency Guideline for the Relation between Corporate Activities and Medical Institutions, and Taisho Pharmaceutical discloses information based on the Japan Self-Medication Industry's Transparency Guideline for the Relation between the Activities of OTC Drug Companies and Medical Institutions.

Required Considerations in Pharmaceutical Research and Development

The discovery of outstanding pharmaceuticals requires wide-ranging research that employs human genes and cells and animal testing to confirm the safety and efficacy of new drug candidates. Pharmaceutical research and development therefore requires highly ethical standards with respect to life.

Research that employs human genetic analysis and cells requires sufficient consideration of issues in addition to scientific validity, including respect for human rights, commitment to safety, the protection of personal information, and bioethics. In accordance with internal regulations[1] that institutionalize these considerations, we conduct research after the fair and impartial deliberations of the Ethics Committee.

When conducting animal testing, the examination of testing details by the Animal Testing Committee, execution of testing, reporting of the conclusion of testing to the head of the research institution and relevant self-monitoring are all carried out in accordance with the Act on Welfare and Management of Animals and other regulations and our internal regulations, which are based on the animal welfare concepts of the three Rs.[2]

In July 2015, we acquired certification of our internal animal testing facilities for the second time through a third-party organization, the Japan Health Sciences Foundation, which has verified the propriety of our animal testing.

Notes: 1. Ethical regulations regarding the use of human genes and cells
2. Refers to replacement (the use of alternative to animal testing), reduction (reduction of the number of animals used) and refinement (reduction of pain inflicted)

Medical Safety Measures

As a pharmaceutical company, the Taisho Pharmaceutical Group constantly implements medical safety measures. For ethical drugs, since 2007 we have been printing product names on pills in *katakana* script to prevent dispensing errors and patient use errors. The product name is also printed on *Lusefi* tablets, a type 2 diabetes mellitus agent we launched in 2014. We expect this measure to support compliance among diabetic patients who are taking multiple drugs.

In addition, regarding medical safety education, we energetically provide information on infection countermeasures, having started in 2005 with the provision of infection countermeasure educational tools to healthcare providers. As one example, we created a DVD for general consumers about the basic infection countermeasures of hand-washing and covering one's mouth and nose when coughing or sneezing. We provide the DVD to medical institutions and to other institutions such as schools and nursery schools, where it is routinely used in infection prevention education.

Taisho Pharmaceutical's Customer Hotline and Taisho Toyama Pharmaceutical's Customer Service Section

Taisho Pharmaceutical's Customer Hotline has pharmacists, advisory specialists for consumers' affairs and qualified hair advisors on staff to provide consultation for OTC drugs sold at dispensing pharmacies and drugstores, quasi-drugs sold at convenience stores and supermarkets, and food products such as Foods for Specified Health Use.

Taisho Toyama Pharmaceutical's Customer Service Section provides consultation concerning ethical drugs. It cooperates with sales departments, development departments, research centers, factories and branches to actively provide information by courteously, honestly and quickly responding to customers to earn their trust.

Customer feedback is collected in a database that provides useful information to relevant departments for product development and improvement and for service improvement.

Taisho Pharmaceutical Customer Hotline
Phone: 81-3-3985-1800
8:30-21:00 (daily, excluding weekends and holidays)

Taisho Toyama Pharmaceutical Customer Service Section
Toll-free number (in Japan only): 0120-591-818
9:00-17:30 (daily, excluding weekends and holidays)

Uehara Museum of Art

Uehara Museum of Modern Art

Culture Promotion for the Community and Society

Uehara Museum of Modern Art opened in the city of Shimoda, Shizuoka Prefecture in the spring of 2000, and has a varied collection that includes Western modern paintings, Japanese modern paintings and sculptures. In addition to exhibitions from the collection, the museum offers lectures, workshops and collaboration with local schools to promote culture.

Projects for Culture Promotion during the Fiscal Year Ended March 31, 2015

- Four exhibitions during the year from the collection
- Issued a 15th anniversary collection catalog with new acquisitions.
- Lecture by Jun Kobayashi titled "A Tale of Artists and Music, with Redon and Chagall"
- Activities to promote education in cooperation with local schools that included in-museum instruction (8 schools, 10 times), instruction at schools (6 schools, 12 times), art appreciation education and training for teachers, and summer workshops for students

Uehara Museum of Buddhism Art

Contribution to Culture Promotion through Research of Buddhism

Uehara Museum of Buddhism Art opened in May 1983 as a place for the general public to become familiar with the art of Buddhism. This is the only museum in Japan specializing in Buddhist art. It contributes to the promotion of local culture by conducting seminars, lectures and study of Buddhist art, in addition to exhibitions.

Projects for Culture Promotion during the Fiscal Year Ended March 31, 2015

- Exhibition titled "Unsho Matsumoto, Buddhist Sculptor in Shimoda during the Late Tokugawa Period"; exhibition titled "Hell and Buddha"; exhibition of works from sutra copying classes; exhibition of sculptures, paintings and others from lecture classes; special New Year exhibition
- Issued museum newsletter
- Lecture classes on sculptures, paintings and others
- Lecture titled "*Nonyuhin* – Objects Inside a Buddhist Statue" by Atsushi Aoki, Associate Professor, Tama Art University

The Uehara Memorial Foundation

Supporting the Future of the Life Sciences through Grants, International Symposiums and Other Means

In February 1985, The Uehara Memorial Foundation was established as a 70th anniversary project of Taisho Pharmaceutical to commemorate the footsteps of our honorary chairman, the late Shokichi Uehara.

The objective of the Uehara Memorial Foundation is to promote research in pharmaceutical development and other fields of life science to enhance people's lives and welfare. The foundation has provided approximately 8,000 grants and other forms of assistance totaling ¥24.2 billion.

Support for Researchers

Activities have included research grants for professional life science researchers; grants for overseas study; the Uehara Prize, an award recognizing research accomplishments; and international symposiums.

Symposiums

The foundation promotes the life sciences by holding symposiums. In June 2014, the 11th international symposium, titled "Innovative Medicine: Basic Research and Development," was held.

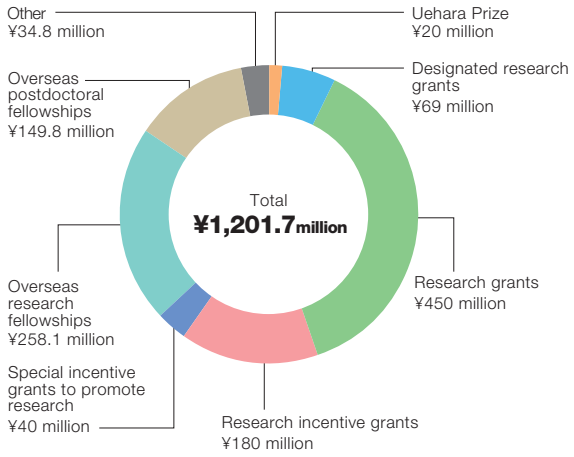
The Uehara Prize and Grant Presentation Ceremony

In March 2015, the Uehara Prize and Grant Presentation Ceremony was held at the Uehara Memorial Hall in the Second Building of the Taisho Pharmaceutical headquarters. Masanobu Kano, Professor, Department of Neurophysiology, Graduate School of Medicine and Faculty of Medicine, The University of Tokyo, received the Uehara Prize for "Elucidation of the basic mechanisms underlying functional development, plasticity and modulation of synapses."

Masanobu Kano, Professor, Department of Neurophysiology, Graduate School of Medicine and Faculty of Medicine, The University of Tokyo

Grants and Other Forms of Assistance Awarded during the Fiscal Year Ended March 31, 2015

(Selected basis)



Support for Research

Uehara Prize (Research accomplishment prize)	Recognition of researchers in the field of life sciences actively engaged in original research that has produced notable accomplishments (Gold medal and supplementary prize value: ¥20 million)
Designated research grants	Assistance for research in designated areas awaiting research progress (three-year grant, with research results announced at Uehara Memorial Foundation international symposiums) (Value: A ¥15 million, B ¥9 million)
Research grants	Assistance for researchers based in Japan (Value: ¥5 million)
Research incentive grants	Assistance for young researchers based in Japan (Value: ¥2 million)
Special incentive grants to promote research	Assistance for professors who established independent life science and drug research labs (Value: ¥4 million)
Overseas research fellowships	Assistance for young researchers who want to study overseas (Students with an annual income under ¥6 million)
Overseas postdoctoral fellowships	Assistance for young researchers who have a doctorate or will obtain one by April of the following year (Researchers with no income)

Policies For Environmental Activities, and Goals and Results for Environmental Conduct

Taisho Pharmaceutical is promoting environmental activities and establishing tasks and initiatives for each fiscal year based on its Fundamental Policy and Code of Conduct related to the environment, and on its Third Fundamental Environmental Plan (April 1, 2011 – March 31, 2016), established in September 2011.

Fundamental Policy and Code of Conduct Related to the Environment

Taisho Pharmaceutical considers environmental issues a key priority in its corporate activities, and has set targets for conserving resources, reducing CO_2 emissions and other environmental issues.

Fundamental Policy

The mission of Taisho Pharmaceutical is to contribute to society by creating and offering superior pharmaceuticals and health-related products as well as healthcare-related information and services in socially responsible ways that enrich people's lives by improving health and beauty. Based on this mission, we consider the environment and biodiversity in all corporate activities from product R&D, manufacturing and disposal to distribution and sales.

Code of Conduct

1. We shall observe environmental laws and regulations and our agreements with stakeholders including government institutions, related industry groups, and local residents. We shall also set voluntary management standards and work to improve our level of environmental management.
2. We shall reduce our use of limited energy and resources to promote energy and resource conservation and help preserve the environment, and work to reduce CO_2 emissions.
3. We shall promote the three Rs of reduce, reuse and recycle to reduce waste and practice responsible waste treatment.
4. We shall work to create the conditions for effective environmental initiatives by providing environmental information to all employees to raise their awareness and broaden their perspective.
5. We shall participate in the environmental activities of related pharmaceutical manufacturing organizations, material recycling organizations and other organizations, and cooperate with them on environmental tasks.
6. We shall work to achieve harmony with local communities by energetically participating in the preservation and improvement of the local environment.
7. We shall proactively disclose information related to the environment and participate in various environmental events to promote communication outside the Company.
8. We shall prepare for environmental emergencies in ways such as preparing appropriate systems and manuals, and shall upgrade our crisis management system.

Energetically Conducting Environmental Activities

Yuji Koyama
Executive Officer and General Manager, Production Division

Taisho Pharmaceutical energetically conducts environmental activities under its management policy for local communities, in which it declares it will remain actively engaged in the community as a corporate citizen while striving to protect the environment and build mutually beneficial relationships.

Specifically, we are working to reduce CO_2 emissions with the goal of reducing Companywide energy intensity by an annual average of 1% from the fiscal year ended March 31, 2012 through the fiscal year ending March 31, 2016. As for waste, we are working to recycle containers and packaging, promote resource recycling and thoroughly separate waste by type of material. As a result, in the fiscal year ended March 31, 2015 landfill disposal of industrial and general waste from our worksites was 0.25% of total waste emissions.

Furthermore, we continued working to completely eliminate environmental risks that could affect local communities. We will continue to promote environmentally friendly activities.

Please refer to the Taisho Pharmaceutical Holdings website below for further details.
▶ http://www.taisho-holdings.co.jp/environment/action/index.html (Japanese only)

Assessment of Environmental Activity Indicators

We recognize the need to quantitatively understand the impact of our business on the environment. We are therefore assessing environmental impact using two indicators: the Life-cycle Impact Assessment Method Based on Endpoint Modeling (LIME)[1] and the Japan Environmental Policy Priorities Index (JEPIX).[2] These indicators give us an integrated understanding of the various types of environmental burden and quantitatively analyze and assess the level of impact that our corporate activities have on the environment.

Assessment of Environmental Burden Using LIME2

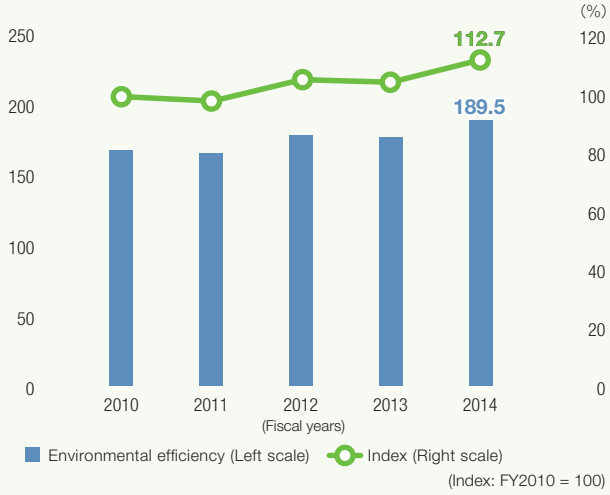
Since the fiscal year ended March 31, 2011, we have been conducting environmental assessments of the domestic operations of the Taisho Pharmaceutical Group using LIME2 in working to reduce environmental burden.

We use LIME to divide net sales by environmental burden to assess the efficiency of corporate activities in terms of environmental impact. The resulting figure defines environmental efficiency (LIME), which we work to improve. We evaluate environmental efficiency by quantitatively assessing environmental impact using energy consumed at worksites and emissions of chemical substances, as well as product raw materials and other resources inputs.

We calculated our environmental impact domains and the relative composition of environmental burden using LIME2. Domains and relative composition are as follows: Global warming (40%), urban area air pollution (27%), resource consumption (15%), waste (14%), and acidification (3%). Global warming and urban air pollution account for nearly 70%. Our environmental efficiency (LIME) increased by an annual average of 3% over the past five years, and environmental burden in the fiscal year ended March 31, 2015 decreased by 12.7% compared with the fiscal year ended March 31, 2011. The primary factors were reduced raw material consumption, reduced volume of waste due to thorough separation, promotion of modal shifts and improved fuel efficiency.

Environmental efficiency (LIME) =
Outcome of business activities (net sales)/
Environmental impact (the total environmental impact cost as measured by the LIME2 assessment)

Environmental Efficiency (LIME)

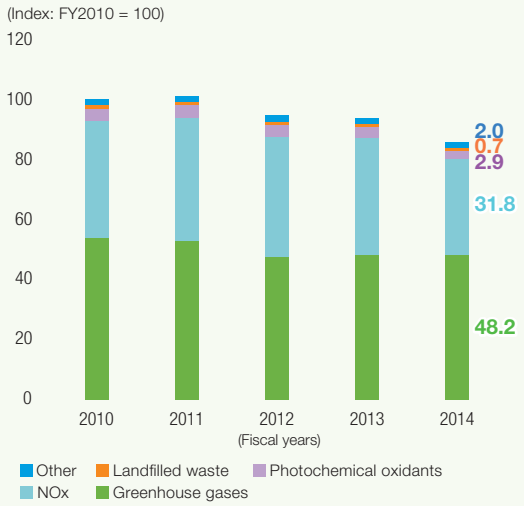


Assessment of Environmental Burden Using JEPIX

We calculate basic unit amounts of environmental burden using JEPIX. Our environmental burden has decreased by an annual average of 3.8% over the past five years, and environmental burden for the fiscal year ended March 31, 2015 was 20% lower than for the fiscal year ended March 31, 2011. A primary factor was reduced NOx emissions resulting from factors including enhanced transportation efficiency due to modal shifts and improved energy efficiency.

Amount of Environmental Burden
(JEPIX, quantified as environmental impact points) =
Environmental impact points/Outcome of business activities (net sales)

Amount of Environmental Burden (JEPIX)



Notes: 1. An assessment method based on natural science knowledge in fields including epidemiology, meteorology, conservation biology and actuarial statistics, and on social science analysis in fields including environmental economics, sociology and psychology. It is used to calculate coefficients of impact on human society and the ecosystem of resource consumption and emissions of chemical substances in business activities.

2. A method used to assess and prioritize national environmental policy based on environmental conditions in Japan. It quantifies the total amount of environmental burden of different factors such as greenhouse gases and hazardous air pollutants as a single numerical indicator called environmental impact points (EIP). EIP are calculated by multiplying the amount of environmental burden of each substance that adversely affects the environment by an integrated coefficient calculated from the ratio of actual emissions to Japan's environmental policy target and summing the results for all such substances.

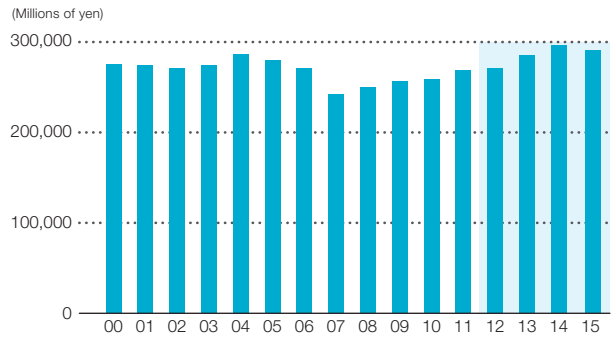
Consolidated Financial Highlights

Figures for the fiscal year ended March 31, 2011 and earlier are for Taisho Pharmaceutical.

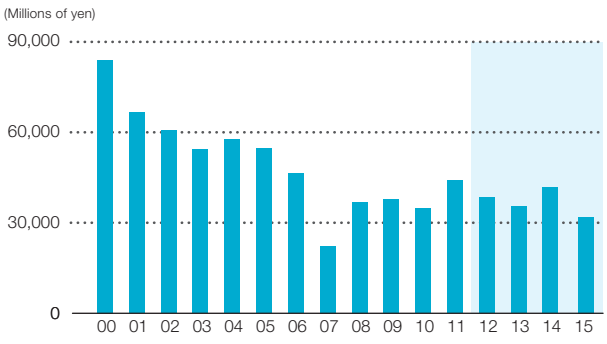
Fiscal years ended March 31	2000	2001	2002	2003	2004	2005
Net sales	275,250	274,396	271,397	274,077	286,433	279,437
Operating income	84,052	66,591	60,701	54,394	57,700	54,698
Ordinary income	89,845	73,826	67,472	60,857	61,180	58,063
Net income	50,754	31,269	37,361	35,392	40,910	35,489
R&D expenditures	23,238	33,401	32,212	29,526	24,171	23,221
Capital expenditures	6,991	15,602	24,996	8,636	8,829	7,074
Depreciation and amortization	15,421	14,572	14,189	16,832	15,343	13,501
Total assets	527,728	573,612	590,036	577,706	601,956	613,802
Current assets	346,912	245,078	251,793	247,588	254,714	273,144
Total net assets (Total shareholders' equity)	441,409	467,601	486,882	485,717	500,761	517,634
Free cash flows	19,693	8,704	14,199	63,839	84,783	(9,320)
Per share data (Yen)						
Net income	147.32	91.41	109.66	105.81	127.87	114.15
Net assets (Shareholders' equity)	1,285.55	1,371.99	1,434.51	1,474.65	1,597.78	1,678.78
Cash flows[1]	299.66	204.47	235.61	231.08	267.04	231.56
Dividends	25.00	25.00	25.00	30.00	25.00	25.00

Notes: Calculated in accordance with corporate accounting standards for each fiscal year.
1. Cash flows per share = (Income before income taxes + Depreciation and amortization + Amortization of goodwill) / Average number of issued shares for the period
2. The annual dividend of ¥90 per share for the fiscal year ended March 31, 2012 comprises the sum of ¥40 per share derived from the conversion of Taisho Pharmaceutical's interim dividend of ¥12 per share, and the year-end dividend of Taisho Pharmaceutical Holdings of ¥50 per share.
3. Includes the commemorative dividend for the 100th anniversary of the founding of Taisho Pharmaceutical.

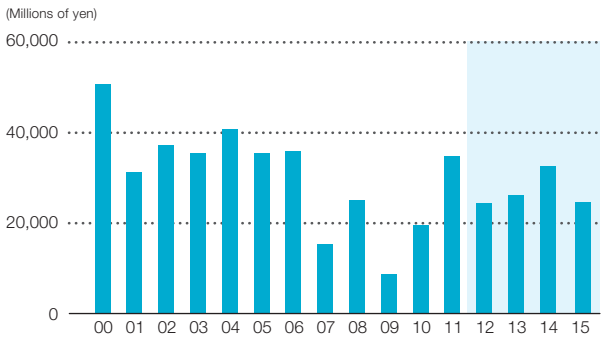
Net Sales



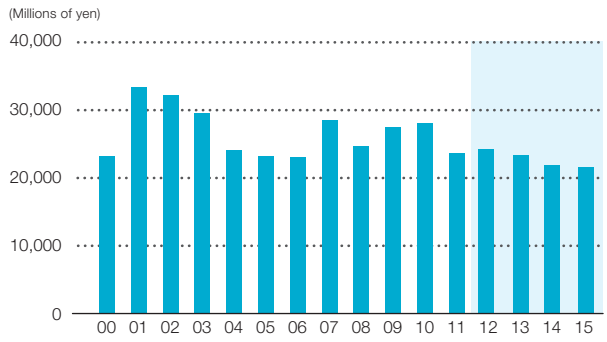
Operating Income



Net Income



R&D Expenditures

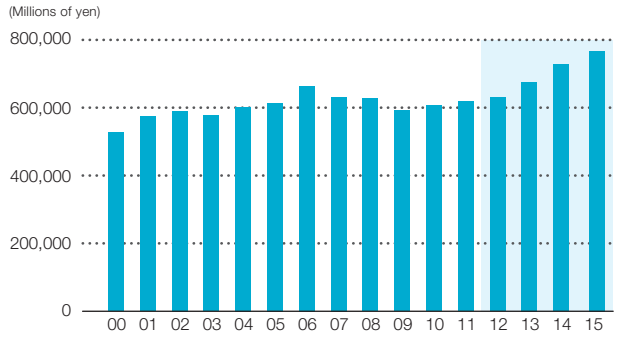


Notes: 1. Figures in this Data Section (pages 44-57) are taken from the Securities Report of Taisho Pharmaceutical for all years up to and including the fiscal year ended March 31, 2011 and of Taisho Pharmaceutical Holdings for all years thereafter.
2. All graphs in this Data Section are for years ended/as of March 31.

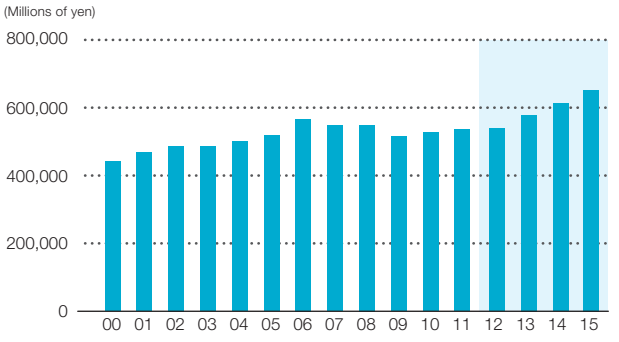
(Millions of yen)

2006	2007	2008	2009	2010	2011	2012	2013	2014	**2015**
271,407	242,071	249,655	256,213	258,441	268,632	271,230	285,168	295,957	**290,498**
46,395	22,357	36,952	37,935	34,686	44,082	38,412	35,337	41,683	**31,974**
49,748	24,926	41,896	39,902	36,671	54,077	46,201	44,173	51,244	**39,576**
35,884	15,420	25,004	8,815	19,485	34,892	24,357	26,320	32,692	**24,528**
23,072	28,519	24,745	27,523	28,118	23,677	24,231	23,331	21,874	**21,554**
13,397	8,066	5,765	5,814	21,132	7,870	12,868	12,287	10,401	**5,253**
12,809	13,137	12,618	11,014	11,533	11,725	11,242	10,951	11,042	**11,561**
664,431	631,929	627,224	591,568	606,443	618,434	629,506	676,388	728,442	**768,092**
271,156	240,416	249,463	215,872	215,686	233,170	234,782	254,326	281,045	**289,081**
567,364	547,486	548,650	514,511	527,760	535,231	538,666	578,158	611,933	**653,242**
21,123	6,826	15,682	23,252	50,719	45,701	(15,616)	31,933	38,235	**15,552**
116.18	50.54	84.01	30.01	67.98	124.90	296.20	325.26	403.18	**302.57**
1,840.63	1,832.24	1,816.25	1,745.96	1,816.68	1,901.74	6,560.67	6,975.94	7,401.61	**7,892.19**
230.73	138.45	180.10	174.87	166.07	234.32	669.69	682.92	785.62	**655.00**
30.00	27.00	27.00	27.00	27.00	27.00	90.00[2]	120.00[3]	110.00	**110.00**

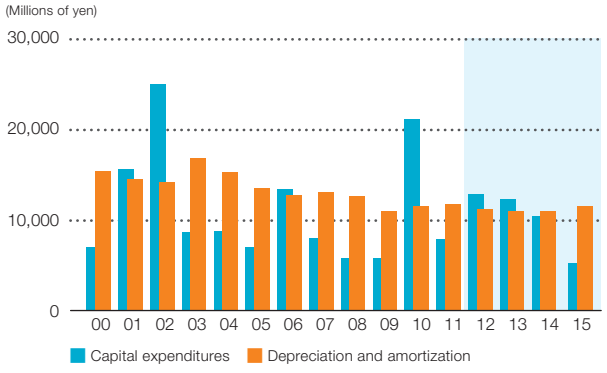
Total Assets



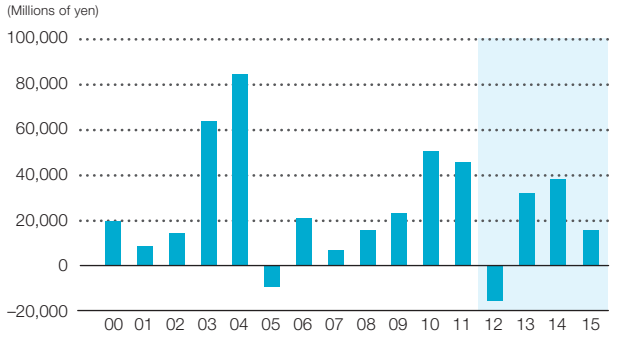
Total Net Assets (Total Shareholders' Equity)



Capital Expenditures/Depreciation and Amortization



Free Cash Flows



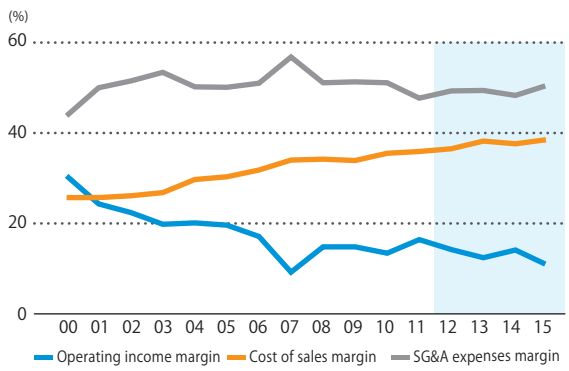
Consolidated Performance Indicators

Figures for the fiscal year ended March 31, 2011 and earlier are for Taisho Pharmaceutical.

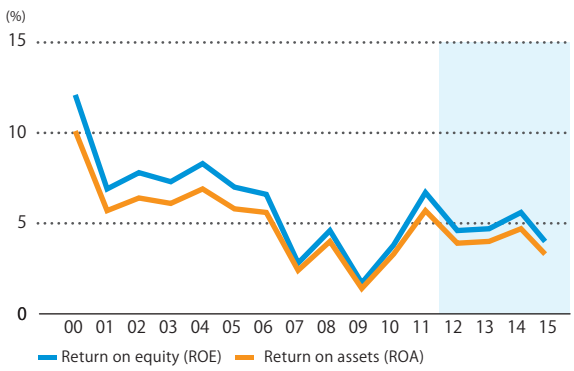
Fiscal years ended March 31	2000	2001	2002	2003	2004	2005
Profit indicators						
Operating income margin (%)	30.5	24.3	22.4	19.8	20.1	19.6
Ordinary income margin (%)	32.6	26.9	24.9	22.2	21.4	20.8
Net income margin (%)	18.4	11.4	13.8	12.9	14.3	12.7
Cost of sales margin (%)	25.7	25.7	26.1	26.8	29.7	30.3
SG&A expenses margin (%)	43.8	50.0	51.5	53.4	50.2	50.1
Return on equity (ROE) (%)[1]	12.1	6.9	7.8	7.3	8.3	7.0
Efficiency indicators						
Return on assets (ROA) (%)[2]	10.1	5.7	6.4	6.1	6.9	5.8
Return on investment (ROI) (%)[3]	12.1	6.9	7.8	7.3	8.3	7.0
Asset turnover (Times)[4]	0.5	0.5	0.5	0.5	0.5	0.5
Tangible fixed assets turnover (Times)[5]	2.9	2.9	2.6	2.6	2.8	2.8
Inventory turnover (Times)[6]	14.8	13.9	13.9	14.5	14.2	12.5
Stability indicators						
Liquidity (%)[7]	556.7	381.4	418.6	534.2	410.7	484.8
Equity ratio (%)	83.7	81.5	82.5	84.1	83.2	84.3
Debt/equity ratio (Times)[8]	0.0019	0.0013	0.0012	0.0007	0.0005	0.0004
Interest coverage (Times)[9]	2,677.8	2,770.8	3,274.8	4,536.5	12,354.6	14,636.0
Cash and cash equivalents and marketable securities per share (Yen)[10]	737.9	382.7	415.7	456.4	458.3	514.2
Valuation (Times)						
Price earning ratio (PER)	24.0	29.3	17.8	16.0	15.7	20.0
Price book-value ratio (PBR)	2.8	1.9	1.4	1.1	1.3	1.4
Price to cash flow ratio (PCFR)	11.8	13.0	8.2	7.3	7.5	9.8
Other indicators						
Cash flows (Millions of yen)	103,533	70,440	80,635	77,101	85,253	71,842
Capital expenditure as a percentage of cash flows (%)	6.8	22.1	31.0	11.6	10.4	9.8
R&D expenditures as a percentage of net sales (%)	8.4	12.2	11.9	10.8	8.4	8.3
Working capital (Millions of yen)[11]	284,593	180,821	191,638	201,242	192,695	216,800
Payout ratio (%) (Non-consolidated)	17.0	27.3	22.8	28.6	18.4	21.7

Notes: Calculated in accordance with corporate accounting standards for each fiscal year.
1. ROE = Net income/Average total net assets
2. ROA = Net income/Average total assets
3. ROI = Net income/(Average total net assets + Average long-term debt)
4. Asset turnover = Net sales/Average total assets
5. Tangible fixed assets turnover = Net sales/Average tangible fixed assets
6. Inventory turnover = Net sales/Average inventory
7. Liquidity = Current assets/Current liabilities
8. Debt/equity ratio = Interest-bearing debt/Total net assets
9. Interest coverage = (Operating income + Interest and dividend income)/Interest expense
10. Cash and cash equivalents and marketable securities per share = (Cash and equivalents + Marketable securities)/Outstanding shares (excluding treasury shares)
11. Working capital = Current assets – Current liabilities
12. Figures are presented on a consolidated basis.

Operating Income Margin/Cost of Sales Margin/ SG&A Expenses Margin



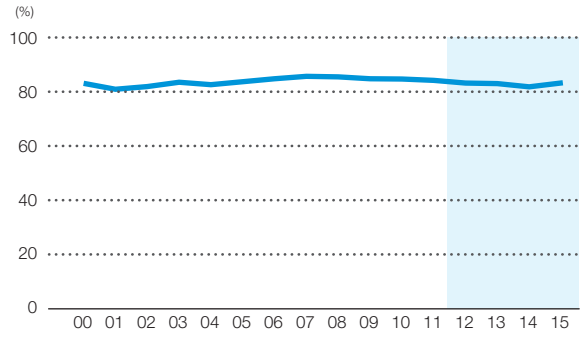
Return on Equity (ROE)/Return on Assets (ROA)



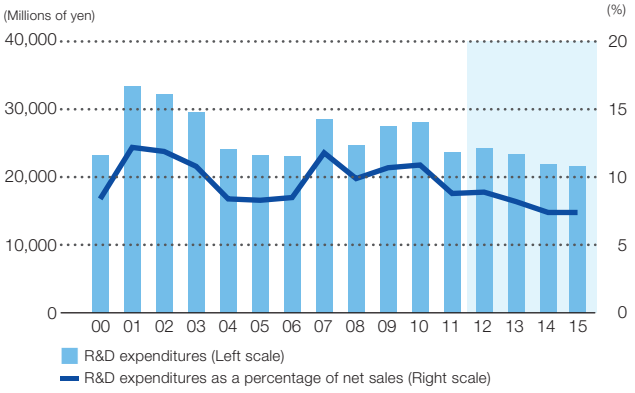
Note: All graphs in this Data Section are for years ended/as of March 31.

2006	2007	2008	2009	2010	2011	2012	2013	2014	**2015**
17.1	9.2	14.8	14.8	13.4	16.4	14.2	12.4	14.1	**11.0**
18.3	10.3	16.8	15.6	14.2	20.1	17.0	15.5	17.4	**13.6**
13.2	6.4	10.0	3.4	7.5	13.0	9.0	9.3	11.2	**8.4**
31.8	34.0	34.2	33.9	35.5	35.9	36.5	38.2	37.6	**38.6**
51.0	56.8	51.1	51.3	51.1	47.7	49.3	49.4	48.3	**50.4**
6.6	2.8	4.6	1.7	3.8	6.7	4.6	4.8	5.6	**4.0**
5.6	2.4	4.0	1.4	3.3	5.7	3.9	4.0	4.7	**3.3**
6.6	2.8	4.6	1.6	3.6	6.3	4.3	4.7	5.5	**3.9**
0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	**0.4**
2.8	2.5	2.6	2.7	2.8	3.0	3.0	2.9	2.9	**2.8**
11.7	10.4	10.6	11.1	11.3	11.5	11.3	11.3	11.1	**10.7**
469.7	446.0	448.3	398.8	387.4	389.5	370.9	404.8	369.6	**450.1**
85.4	86.3	86.1	85.4	85.3	84.8	83.8	83.6	82.4	**83.3**
0.0005	0.0004	0.0024	0.0032	0.0024	0.0004	0	0	0	**0**
12,694.0	3,421.5	3,278.6	1,248.5	1,451.4	6,282.8	4,061.0	2,457.8	24,090.5	**19,332.0**
514.9	447.5	514.7	400.6	397.4	483.8	1,414.8	1,624.4	1,966.1	**2,092.5**
20.4	42.7	23.5	60.9	25.0	14.4	22.7	21.0	20.6	**29.5**
1.3	1.2	1.1	1.0	0.9	0.9	1.0	1.0	1.1	**1.1**
10.3	15.6	11.0	10.5	10.2	7.7	10.0	10.0	10.6	**13.6**
71,120	42,133	53,608	51,364	47,604	65,461	55,070	55,262	63,703	**53,100**
18.8	19.1	10.8	11.3	44.4	12.0	23.4	22.2	16.3	**9.9**
8.5	11.8	9.9	10.7	10.9	8.8	8.9	8.2	7.4	**7.4**
213,432	186,507	193,820	161,742	160,006	173,311	171,476	191,492	204,995	**224,851**
25.7	49.2	31.0	66.9	35.3	25.2	30.4[12]	36.9[12]	27.3[12]	**36.4[12]**

Equity Ratio



R&D Expenditures/ R&D Expenditures as a Percentage of Net Sales



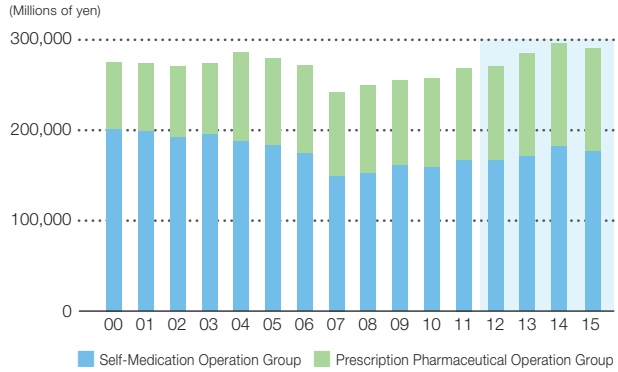
Consolidated Segment Information

Figures for the fiscal year ended March 31, 2011 and earlier are for Taisho Pharmaceutical.

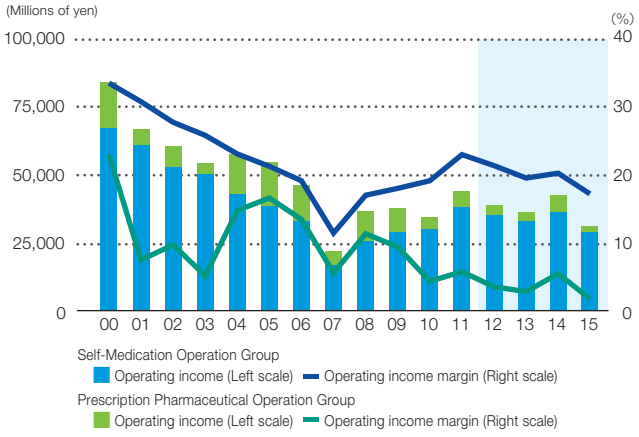
Fiscal years ended March 31	2000	2001	2002	2003	2004	2005
Net sales						
Companywide	275,250	274,396	271,397	274,077	286,433	279,437
Self-Medication Operation Group:	201,512	198,897	192,427	195,125	188,062	183,416
Percent of net sales (%)	73.2	72.5	70.9	71.2	65.7	65.6
OTC drugs, etc.	191,745	190,042	183,492	185,233	178,233	172,404
Foods for Specified Health Use, etc.	7,974	7,166	7,389	8,535	7,876	7,840
Others	1,793	1,689	1,547	1,357	1,953	3,172
Prescription Pharmaceutical Operation Group:	73,738	75,499	78,969	78,952	98,371	96,020
Percent of net sales (%)	26.8	27.5	29.1	28.8	34.3	34.4
Ethical drugs	59,114	59,141	62,547	61,637	82,129	81,688
Intermediate products, etc.[3]	8,413	10,133	9,647	10,994	10,631	9,391
Royalty income	6,211	6,225	6,775	6,321	5,611	4,941
Overseas sales	NA	NA	NA	NA	NA	NA
Percent of net sales (%)	NA	NA	4.5	4.2	3.7	3.5
Operating income						
Companywide	84,052	66,591	60,701	54,394	57,700	54,698
Self-Medication Operation Group	67,379	61,093	53,215	50,412	43,391	39,014
Prescription Pharmaceutical Operation Group	16,673	5,498	7,485	3,981	14,308	15,683
Operating income margin (%)						
Companywide	30.5	24.3	22.4	19.8	20.1	19.6
of which Self-Medication Operation Group	33.4	30.7	27.7	25.8	23.1	21.3
of which Prescription Pharmaceutical Operation Group	22.6	7.3	9.5	5.0	14.5	16.3
Identifiable assets						
Self-Medication Operation Group	242,701	253,448	262,978	267,433	257,284	225,637
Prescription Pharmaceutical Operation Group	93,159	90,601	102,082	117,176	119,801	119,140
R&D expenditures						
Companywide	23,238	33,401	32,212	29,526	24,171	23,221
Self-Medication Operation Group	4,990	5,582	6,691	6,904	6,572	6,674
Percent of net group sales (%)	2.5	2.8	3.5	3.5	3.5	3.6
Prescription Pharmaceutical Operation Group	18,247	27,819	25,521	22,622	17,598	16,547
Percent of net group sales (%)	24.7	36.8	32.3	28.7	17.9	17.2
Depreciation and amortization						
Companywide	15,421	14,572	14,189	16,832	15,343	13,501
Self-Medication Operation Group	10,452	10,043	9,572	12,454	11,133	10,103
Prescription Pharmaceutical Operation Group	4,969	4,529	4,616	4,377	4,209	3,398

Notes: 1. From the fiscal year ended March 31, 2011, the Company carried out a reclassification. (Major changes: Sales from mail-order channels previously classified under "Others" were reclassified under "Foods for Specified Health Use, etc.")
2. Figures are "NA" for the fiscal years ended March 31, 2013, 2014 and 2015 because of a segment reclassification.
3. From the fiscal year ended March 31, 2011, the Company has changed the name of this category to "Intermediate products, etc." Previously, this category was included in "Others." The content of this category remains unchanged.

Net Sales



Operating Income (Left scale)/Operating Income Margin (Right scale)

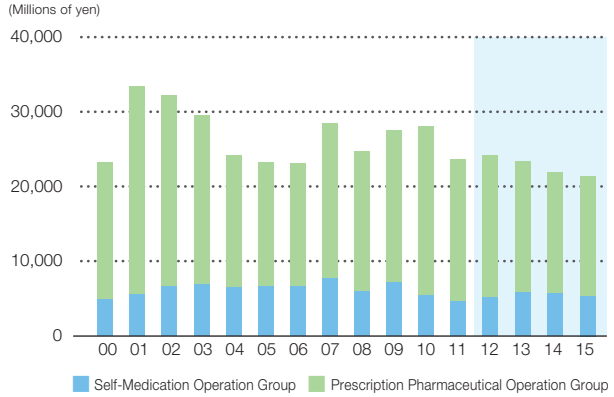


Note: All graphs in this Data Section are for years ended/as of March 31.

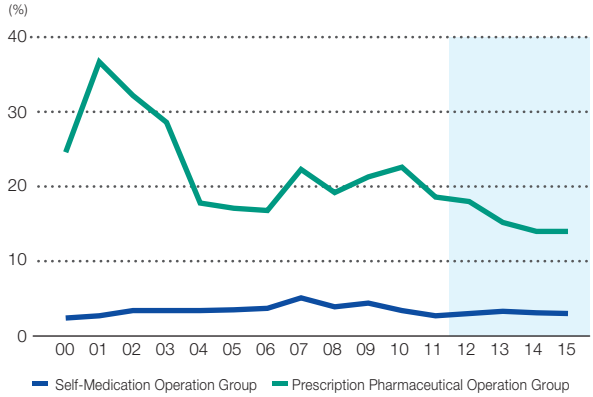
(Millions of yen)

2006	2007	2008	2009	2010	2011	2012	2013	2014	**2015**
271,407	242,071	249,655	256,213	258,441	268,632	271,230	285,168	295,957	**290,498**
174,831	149,485	152,678	161,141	158,851	167,195	166,467	171,271	181,753	**176,295**
64.4	61.8	61.2	62.9	61.5	62.2	61.4	60.1	61.4	**60.7**
163,866	137,728	140,493	148,641	145,091	152,089	150,437	NA[2]	NA[2]	**NA[2]**
8,140	8,658	9,735	10,015	10,883	12,535[1]	13,313[1]	NA[2]	NA[2]	**NA[2]**
2,825	3,100	2,450	2,485	2,877	2,571	2,717	NA[2]	NA[2]	**NA[2]**
96,576	92,585	96,977	95,072	99,590	101,436	104,763	113,896	114,204	**114,202**
35.6	38.2	38.8	37.1	38.5	37.8	38.6	39.9	38.6	**39.3**
81,779	79,700	81,969	84,712	89,612	93,172	96,512	105,437	111,289	**111,594**
11,686	11,473	10,739	8,748	9,458	7,919	7,918	8,099	2,587	**2,016**
3,111	1,412	4,269	1,612	520	345	333	359	326	**591**
8,477	7,329	11,297	8,184	7,692	12,166	13,387	17,574	25,393	**27,949**
3.1	3.0	4.5	3.2	3.0	4.5	4.9	6.2	8.6	**9.6**
46,395	22,357	36,952	37,935	34,686	44,082	38,412	35,337	41,683	**31,974**
33,602	17,384	26,170	29,227	30,458	38,385	35,565	33,510	36,865	**31,060**
12,793	4,973	10,781	8,707	4,227	5,696	3,557	3,027	6,000	**2,078**
17.1	9.2	14.8	14.8	13.4	16.4	14.2	12.4	14.1	**11.0**
19.2	11.6	17.1	18.1	19.2	23.0	21.4	19.6	20.3	**17.6**
13.2	5.4	11.1	9.2	4.2	5.6	3.4	2.7	5.3	**1.8**
232,501	198,643	210,212	189,376	215,667	249,088	234,245	251,016	275,361	**287,090**
115,499	112,869	133,260	151,623	149,874	161,222	153,947	156,989	161,332	**171,256**
23,072	28,519	24,745	27,523	28,118	23,677	24,231	23,331	21,874	**21,554**
6,709	7,777	6,051	7,222	5,534	4,677	5,239	5,908	5,790	**5,502**
3.8	5.2	4.0	4.5	3.5	2.8	3.1	3.4	3.2	**3.1**
16,362	20,741	18,693	20,300	22,583	19,000	18,992	17,423	16,084	**16,051**
16.9	22.4	19.3	21.4	22.7	18.7	18.1	15.3	14.1	**14.1**
12,809	13,137	12,618	11,014	11,533	11,725	11,242	10,951	11,042	**11,561**
9,336	9,791	9,045	7,984	8,588	8,935	8,701	8,516	9,155	**9,740**
3,472	3,345	3,572	3,029	2,944	2,789	2,540	2,435	1,887	**1,821**

R&D Expenditures



Segment R&D Expenditures as a Percentage of Net Sales



Sales of Main Brands

Figures for the fiscal year ended March 31, 2011 and earlier are for Taisho Pharmaceutical.

Self-Medication Operation Group

Fiscal years ended March 31	1998	1999	2000	2001	2002	2003	2004	2005
Lipovitan series	88.4	83.7	97.2	103.1	102.6	102.0	96.9	95.1
Lipovitan D	63.2	61.6	77.3	79.7	77.2	77.9	72.9	70.8
Pabron series	25.8	27.0	27.7	26.2	26.7	28.7	28.1	27.3
RiUP series*	—	—	29.7	23.6	18.5	17.7	15.3	13.5

*Launched in June 1999

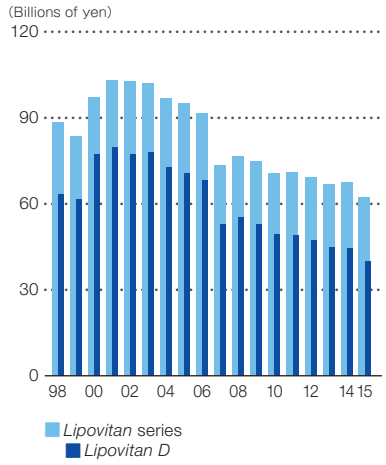
Prescription Pharmaceutical Operation Group

Fiscal years ended March 31	1998	1999	2000	2001	2002	2003	2004	2005
Clarith	19.0	21.3	23.0	23.2	25.9	27.1	27.6	27.4
ZOSYN[1]	—	—	—	—	—	—	—	—
Edirol[2]	—	—	—	—	—	—	—	—

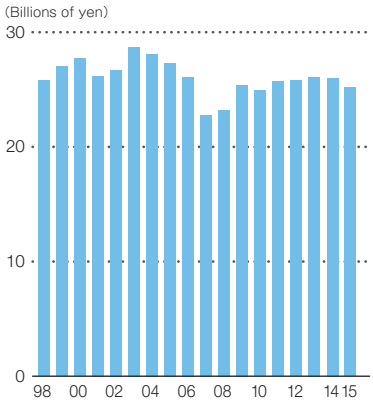
Notes: 1. Launched in October 2008. The figure for the fiscal year ended March 31, 2009 includes sales of *TAZOCIN* (Existing product)
2. Launched in April 2011

Self-Medication Operation Group

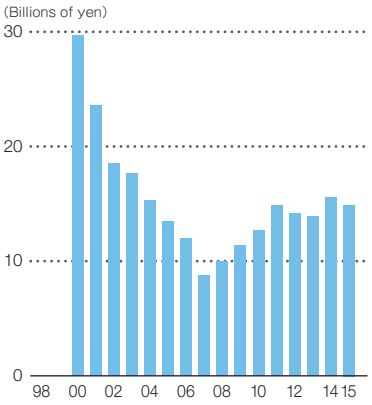
Lipovitan series/*Lipovitan D*



Pabron series



RiUP series*



*Launched in June 1999

***Lipovitan* series:** As a result of deregulation in 1999, sales channels were extended beyond pharmacies and drugstores to include other outlets such as supermarkets and convenience stores. Taisho is rolling out products that meet a diverse range of consumer needs.

***Pabron* series:** This series comprises a broad range of products, including cold remedies, sinus treatments, and important anti-cold products such as gargles, hand-washing treatments, and face masks.

***RiUP* series:** In 1999, the hair regrowth treatment *RiUP* was launched. In 2009, the strongly effective *RiUP X5* was launched, followed in 2011 by the *RiUP Regenne* treatment for women.

Note: All graphs in this Data Section are for years ended/as of March 31.

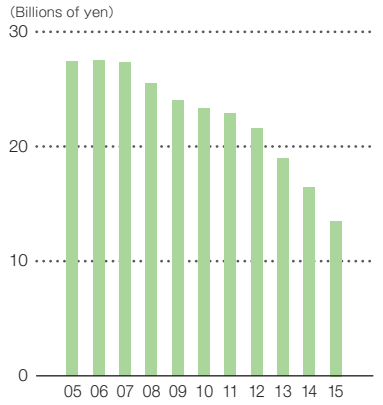
(Billions of yen)

2006	2007	2008	2009	2010	2011	2012	2013	2014	**2015**
91.4	73.3	76.6	74.8	70.8	71.1	69.3	66.8	67.5	**62.1**
68.2	52.8	55.2	52.8	49.4	48.9	47.4	44.7	44.3	**40.0**
26.1	23.1	23.2	25.4	24.9	25.7	25.8	26.1	26.0	**25.2**
12.0	8.8	10.0	11.4	12.7	14.9	14.2	13.9	15.6	**14.9**

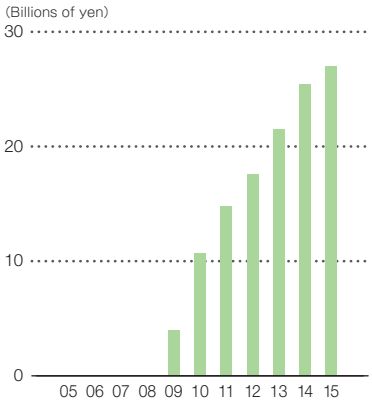
2006	2007	2008	2009	2010	2011	2012	2013	2014	**2015**
27.5	27.3	25.5	24.0	23.3	22.9	21.6	19.0	16.4	**13.5**
—	—	—	4.0	10.7	14.8	17.6	21.5	25.4	**26.9**
—	—	—	—	—	—	1.8	8.8	14.1	**17.2**

Prescription Pharmaceutical Operation Group

Clarith

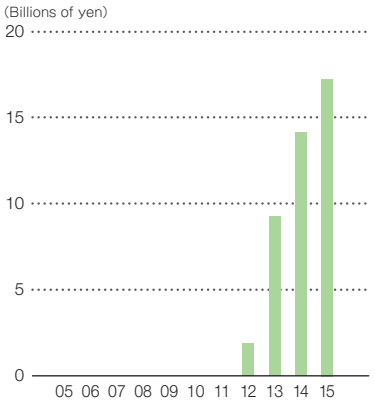


*ZOSYN**

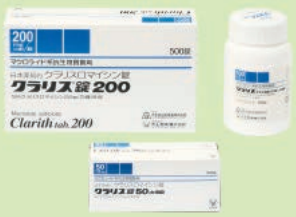


* Launched in October 2008. The figure for the fiscal year ended March 31, 2009 includes sales of *TAZOCIN*.

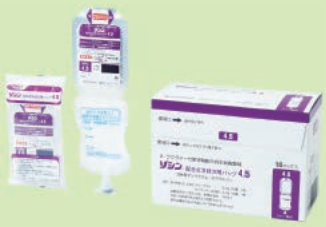
*Edirol**



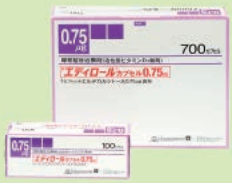
* Launched in April 2011



***Clarith*:** Taisho's proprietary macrolide antibiotic, launched in 1991. Overseas, it is licensed out to a U.S. company, Abbott Laboratories, which markets it in over 100 countries throughout the world under the *Biaxin* brand and others.



***ZOSYN*:** An injectable antibiotic consisting of the beta-lactamase inhibitor tazobactam sodium and the penicillin-derivative antibacterial agent piperacillin sodium in a ratio of 1:8. Launched in 2008.



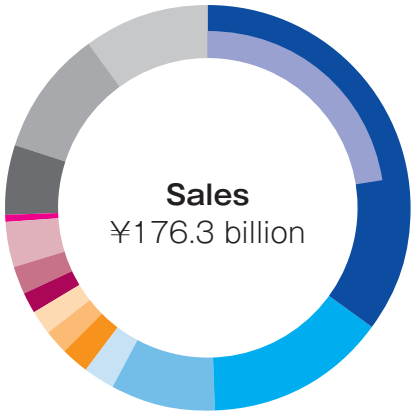
***Edirol*:** An active vitamin D_3 agent indicated for the effective treatment of osteoporosis, *Edirol* was co-developed by Taisho Pharmaceutical and Chugai Pharmaceutical, and launched in 2011.

Self-Medication Operation Group

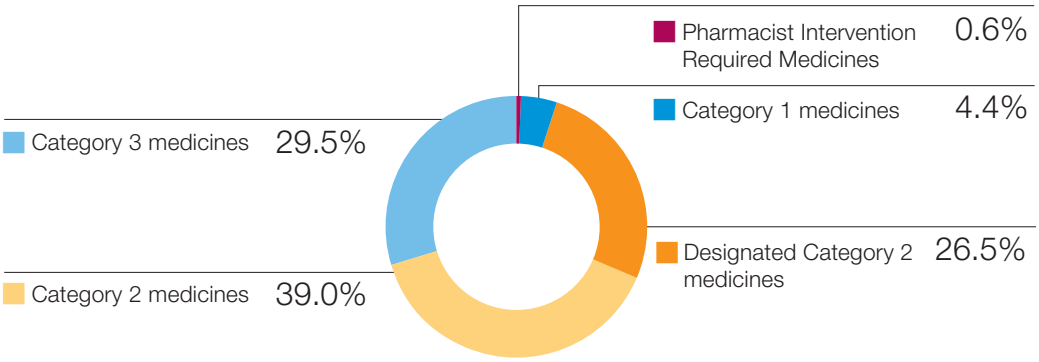
Sales of Main Brands (Fiscal year ended March 31, 2015)

(Billions of yen)

Product Name	Sales	% of total
Lipovitan series	62.1	35.2%
Lipovitan D	40.0	22.7%
Pabron series	25.2	14.3%
RiUP series	14.9	8.5%
Livita series	4.0	2.3%
Gastrointestinal treatment series	4.1	2.3%
NARON series	3.7	2.1%
VICKS series	3.5	2.0%
Colac series	3.3	1.9%
ZENA series	3.0	1.7%
Biofermin series	6.7	3.8%
TOKUHON series	1.1	0.6%
Overseas energy drinks	9.4	5.3%
Overseas OTC drugs	17.6	10.0%
Others	2.7	10.0%



Size of Japan's OTC Drug Market by Category (Fiscal year ended March 31, 2015)



Note: Excludes unclassifiable drugs
Source: INTAGE SDI data as of the end of April 2015 on a value basis. Totals are for April–March.

OTC Drug Classification

OTC Drug Category		Overview	Relevant Professional	Explanation Provided by Seller to Customer	Provision of Advice to Customers	Internet, Mail-Order and Similar Sales
Pharmacist Intervention Required Medicines		Products for which sufficient care in handling is required because they are newly launched OTC drugs	Pharmacist	Provide printed information (required)	Required	Not possible
OTC Drugs	Category 1 medicines	Drugs that require particular care due to safety issues including side effects and interaction with other drugs				Possible
	Designated Category 2 medicines	Drugs that require extra care due to safety issues including side effects and interaction with other drugs	Pharmacist or "registered seller"	Effort required		
	Category 2 medicines	Drugs that require care due to safety issues including side effects and interaction with other drugs				
	Category 3 medicines	Other than the above		No legal requirement		

Market Share of Taisho Pharmaceutical's Main Brands

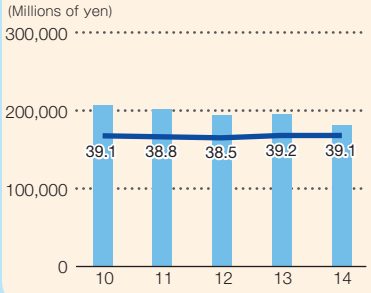
(Taisho Pharmaceutical's estimates based on INTAGE SDI/SRI data)

(Fiscal years)

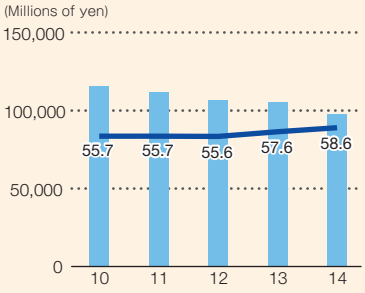
Market ■ Taisho Pharmaceutical's market share (%) ■

Source: INTAGE Inc.

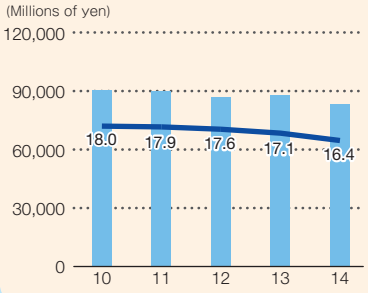
Overall Energy Drinks (①+②)



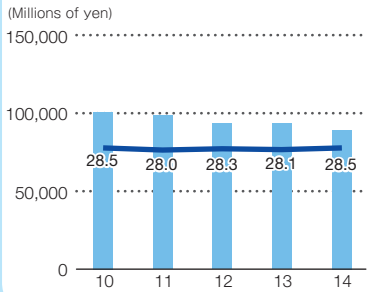
100 mL Drinks ①
(*Lipovitan* series)



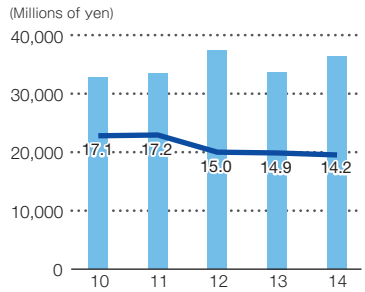
Mini-Drinks ②
(*Lipovitan* series + *ZENA* series)



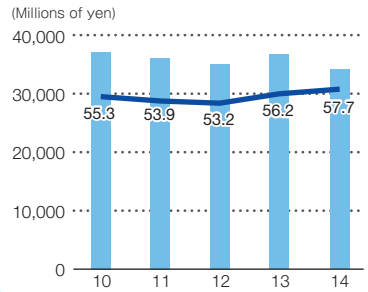
Cold Remedies
(*Pabron* series)



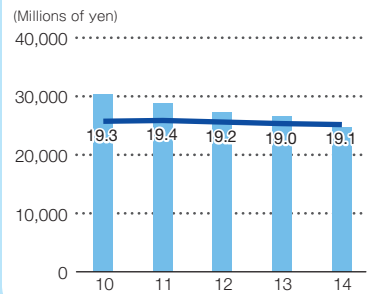
Sinus Treatments
(*Pabron* series)



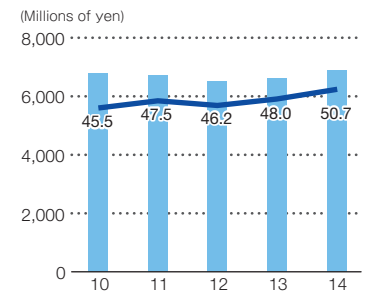
Hair-Care Products
(*RiUP* series)



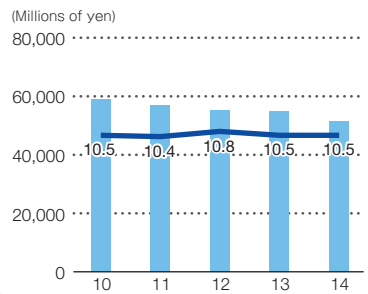
Laxatives
(*Colac* and others)



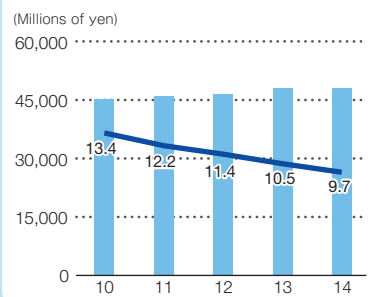
Cough Suppressant Throat Lozenges and Medicated Drops (*VICKS*)



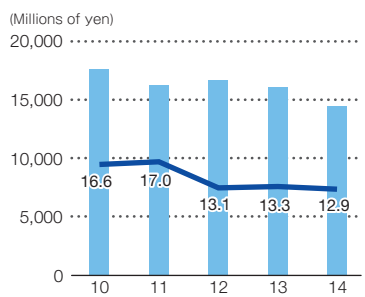
Gastrointestinal Treatments
(*Taisho Kampo* and others)



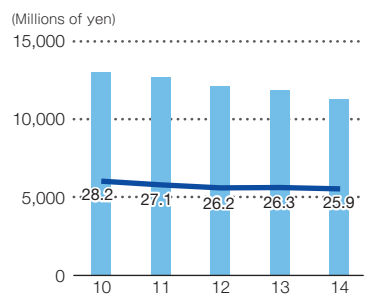
Antipyretic Analgesics
(*NARON* and others)



Athlete's Foot Treatments
(*Dermarin* series)



Hemorrhoid Treatments
(*Preser* series)

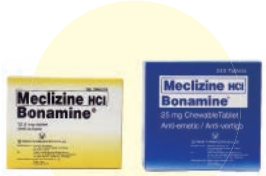


Overseas Business (As of July 31, 2015)

Taisho Pharmaceutical's overseas business started in 1963 with the launch of *Lipovitan* in Taiwan. Today, the Company's energy drink business spans 16 countries around the world, mainly in Asia. Taisho Pharmaceutical entered the OTC drug business overseas on a full scale in 2009. Taisho Pharmaceutical is aiming to strengthen its focus in the growing Southeast Asian market.

History of Overseas Business

2011
- Acquired 100% of the shares of Hoepharma Holdings Sdn. Bhd., a pharmaceutical company in Malays



- Acquired brand assets for the motion sickness drugs *Bonamine* and *Dramamine* in the Philippines, Indonesia and Thailand

2009
- Acquisition of the Asian OTC drug business of the U.S.-based Bristol-Myers Squibb Company

1962
1963
1965

2012
- Acquired 100% of the shares of a Mexican pharmaceutical company group (four companies including CICSA)
- Restructuring in Thailand of the OTC drug business of Taisho Pharmaceutical and Osotspa

2014
- Acquired brand assets including trademarks the anti-inflammatory analgesic *Flanax* ne Philippines

2009
2011
2012
2014

1998 Launched *Lipovitan* in China

1996
1998

1982 Launched *Lipovitan* in the U.S.

1982

1996 Launched *Lipovitan* in Vietnam

1963 Launched *Lipovitan* in Taiwan

1965 Launched *Lipovitan* in Thailand

1962
Launched *Lipovitan D* in Japan

Current product packaging has been used in this timeline.

Overseas Network

1 Taisho Pharmaceutical Singapore Private Limited

2 PT. Taisho Pharmaceutical Indonesia Tbk

3 Hoepharma Holdings Sdn. Bhd.

4 Nha Trang Plant, Taisho Vietnam Co., Ltd.

5 Taisho Co., Ltd. Shanghai

6 Bangi Plant, Taisho Pharmaceutical (M) SDN. BHD.

7 Taisho Pharmaceutical (Taiwan) Co., Ltd.

8 Taisho Pharmaceuticals (Philippines), Inc.

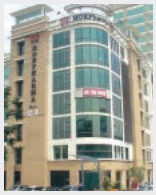
9 Compañía Internacional de Comercio, S.A.P.I. de C.V.

10 Osotspa Taisho Pharmaceutical Co., Ltd.

11 Taisho Pharmaceutical R&D Inc.


PT. Taisho Pharmaceutical Indonesia Tbk


Hoepharma Holdings Sdn. Bhd.




Nha Trang Plant,
Taisho Vietnam Co., Ltd.


Bangi Plant, Taisho
Pharmaceutical (M) SDN. BHD.


Taisho Pharmaceutical R&D Inc.

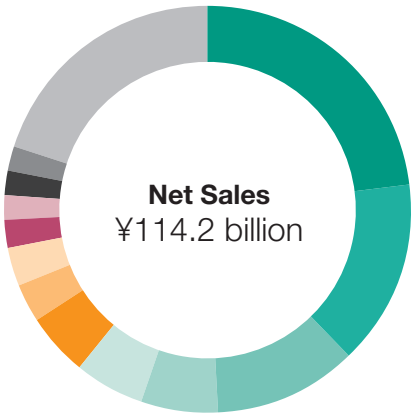
Prescription Pharmaceutical Operation Group

In the prescription pharmaceutical business, Taisho Toyama Pharmaceutical, which was established in 2002 by Taisho Pharmaceutical and Toyama Chemical Co., Ltd., conducts domestic ethical drug sales. Taisho Toyama Pharmaceutical is a consolidated subsidiary of Taisho Pharmaceutical Holdings.

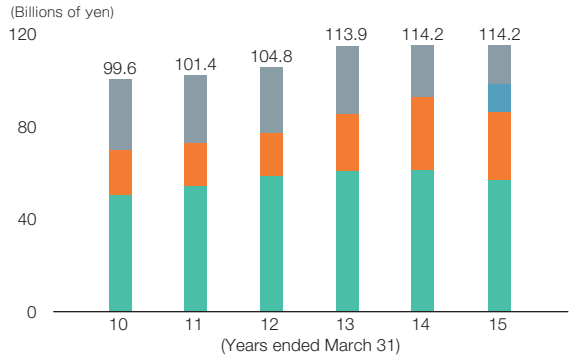
Sales of Main Brands (Fiscal year ended March 31, 2015)

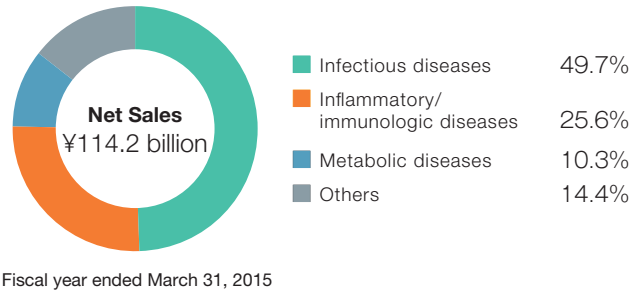
(Billions of yen)

Product Name	Description	Sales	% of Total
ZOSYN	Injectable combination antibiotic with a beta-lactamase inhibitor	26.9	23.6%
Edirol	Oral active vitamin D_3 osteoporosis agent	17.2	15.1%
Clarith	Oral macrolide antibiotic	13.5	11.8%
Palux	Prostaglandin E1 preparation(peripheral vasodilator)	7.0	6.1%
OZEX	Oral new quinolone antibacterial	6.6	5.8%
Geninax	Oral quinolone antibacterial	5.7	5.0%
Bonviva	Injectable antiresorptive bisphosphonate osteoporosis agent	3.6	3.2%
Biofermin	Live lactobacillus preparation	3.6	3.2%
Lusefi	Type 2 diabetes mellitus agent (selective SGLT2 inhibitor)	2.4	2.1%
Lorcam	Nonsteroidal anti-inflammatory/analgesic	2.3	2.0%
Yakuban	Transdermal anti-inflammatory analgesic patch formulation	2.3	2.0%
LUPRAC	Loop diuretic	2.2	1.9%
Others		20.8	18.2%



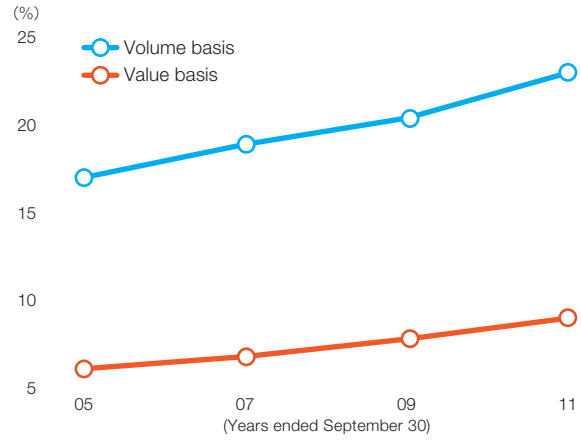
Sales Breakdown by Products in Priority Fields





Fiscal year ended March 31, 2015

Market Share of Generics



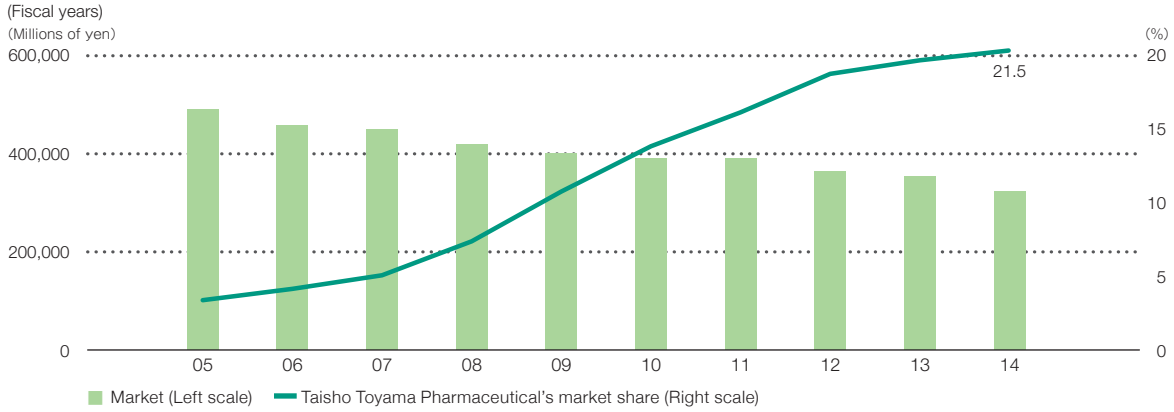
Source: "Vision for the Pharmaceutical Industry," Ministry of Health, Labour and Welfare

NHI Drug Price Revisions

Year	Industry Average	Taisho Toyama Pharmaceutical Average
2004	-4.2%	-3.9%
2006	-6.7%	-6.5%
2008	-5.2%	-5.8%
2010	-5.75%	Mid- –6% level
2012	-6.00%	Approximately –5%
2014	-2.65%	Approximately –1%

Source: "Drug Price Revision Details, Drug Costs and Annual Estimated Deviation Rates," Ministry of Health, Labour and Welfare

Domestic Antibacterial Product Market[1] (NHI drug price basis)



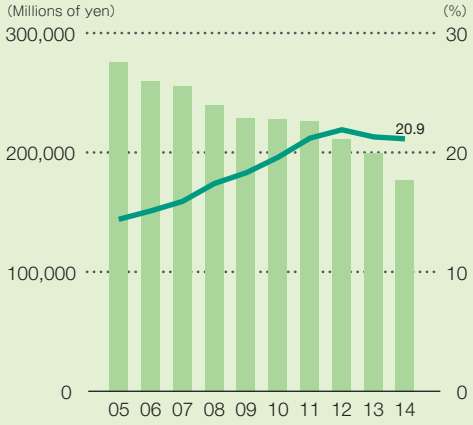
Note 1. Systemic antibacterial agent (J01) market

Market Share of Main Taisho Toyama Pharmaceutical's Categories (NHI price basis)

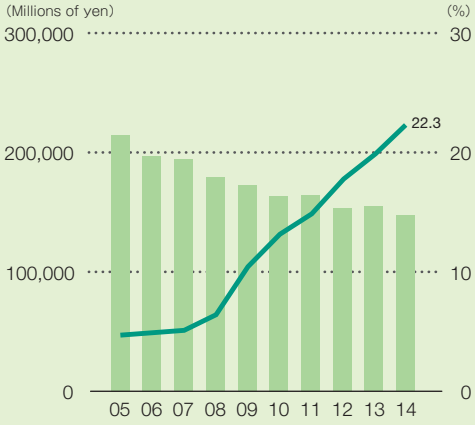
(Fiscal years)

Market size — Taisho Toyama Pharmaceutical's share (%)

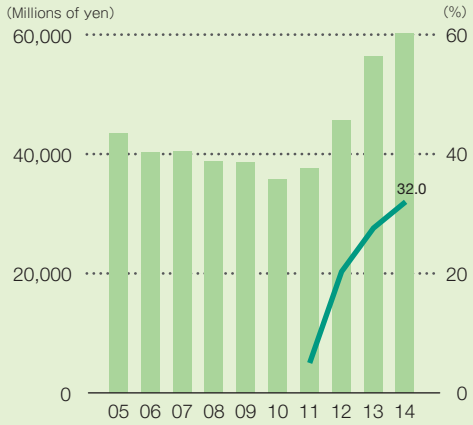
Antibacterial Products for Oral Use (*Clarith*, *Geninax*, *OZEX* and *TOMIRON*)



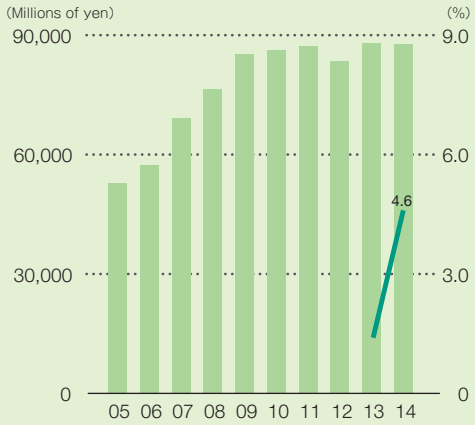
Antibacterial Products for Injections (*ZOSYN*, *PENTCILLIN*, *PASIL* and others)



Active Vitamin D_3 Derivatives (*Edirol*)[2]



Bisphosphonate Agents for Osteoporosis and Related Diseases (*Bonviva*)



Note 2. Total sales of the vitamin D_3 agents eldecalcitol, alfacalcidol and calcitriol

Financial Section

Management's Discussion and Analysis

Overview

Company Overview

The Taisho Pharmaceutical Group (the "Group") is made up of Taisho Pharmaceutical Holdings Co., Ltd. (the "Company") and its 35 subsidiaries and three affiliated companies. The Group's main businesses are the Self-Medication Operation Group, which handles the research, development, manufacture and sale of over-the-counter (OTC) drugs, quasi-drugs, food products, and medical and other healthcare supplies, and the Prescription Pharmaceutical Operation Group, which handles the research, development, manufacture and sale of ethical drugs.

Review of Performance

During fiscal 2014, ended March 31, 2015, the Japanese economy continued to recover gradually despite some apparent weakness in personal consumption due to the pullback in demand following the surge prior to the April 2014 increase in the consumption tax, as the employment environment improved backed by government economic and monetary policy. The economies of Asia, which are the Group's primary overseas markets, were flat overall as the pace of growth in ASEAN slowed.

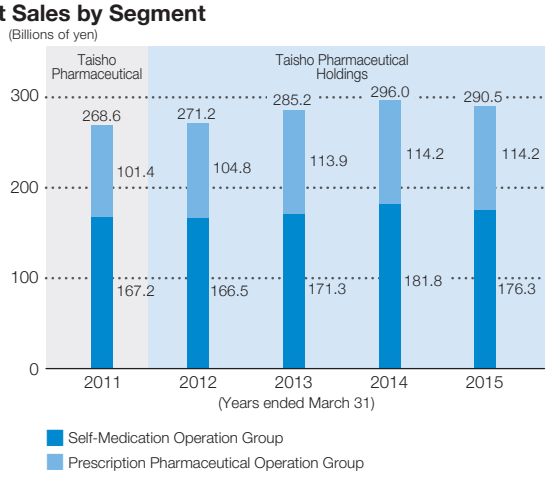
In the pharmaceutical industry, sales in the OTC drug market were weak overall. Sales were solid in some categories such as nasal inflammation treatments and eye drops, but decreased in most categories mainly due to the pullback in demand following the surge prior to the increase in the consumption tax. Sales of energy drinks were weak over the summer, their peak demand period, due to the effect of unseasonable weather.

In the ethical drug market, the business environment remained difficult as a result of ongoing challenges in the discovery of new drugs, stricter drug approval processes, and the steady penetration of various government measures designed to curb healthcare costs.

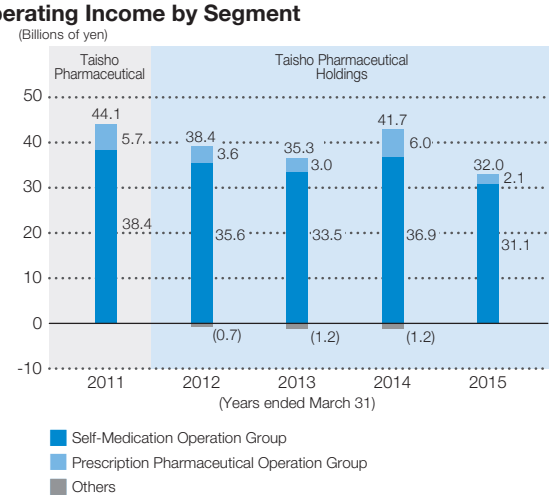
Given this business environment, the Self-Medication Operation Group responded to consumers' desire to age healthily and beautifully by actively cultivating new fields to address heightened health consciousness among consumers and by carrying out product development that satisfies their needs. Strategies to support sales included enhancing coordination between marketing and sales activities, strengthening activities to create demand, and working to enhance direct communication with consumers by expanding new channels such as mail order sales. The Group is also proactively developing its OTC drug business and its energy drink business overseas, mainly in Asia.

The Prescription Pharmaceutical Operation Group focused on the ongoing discovery of original in-house development compounds and the acceleration of development efforts while strengthening marketing capabilities by concentrating on information provision.

Net Sales by Segment



Operating Income by Segment



Fiscal 2014 Operating Results

Net Sales

Consolidated net sales for fiscal 2014 decreased ¥5,459 million, or 1.8%, year on year to ¥290,498 million.

Primary factors included lower sales of the Self-Medication Operation Group's main products in Japan, and lower sales of the Prescription Pharmaceutical Operation Group's long-listed products due to the impact of NHI drug price revisions and generic products.

Gross Profit and Operating Income

Gross profit decreased ¥6,445 million, or 3.5%, compared with the previous fiscal year to ¥178,248 million.

Selling, general and administrative expenses increased ¥3,264 million, or 2.3%, to ¥146,274 million, due to higher R&D expenditures and other expenses including advertisement and sales promotion costs. Consequently, operating income decreased ¥9,709 million, or 23.3%, to ¥31,974 million. The operating income margin decreased 3.1 percentage points to 11.0%.

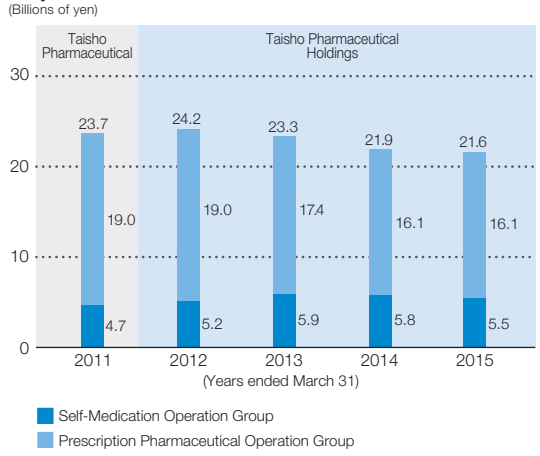
R&D Expenditures

The Group conducts vigorous R&D activities centered on prescription pharmaceuticals. In fiscal 2014, R&D expenditures decreased ¥321 million, or 1.5%, year on year to ¥21,554 million. R&D expenditures as a percentage of net sales were 7.4%.

The Self-Medication Operation Group conducts R&D for new products that are safe and highly effective by applying its extensive knowledge and technology in the field of lifestyle diseases, which includes health foods. Self-Medication Operation Group R&D expenditures decreased ¥288 million, or 5.0%, to ¥5,502 million.

The Prescription Pharmaceutical Operation Group emphasizes R&D to develop highly unique new drugs that will succeed in markets worldwide. R&D expenditures in the Prescription Pharmaceutical Operation Group were essentially unchanged at ¥16,051 million.

R&D Expenditures



■ Net Sales of Main Products (Self-Medication Operation Group)

(Billions of yen)

Fiscal years ended March 31	2011	2012	2013	2014	2015
Japan	153.1	150.8	151.1	153.9	**145.6**
Lipovitan series	71.1	69.3	66.8	67.5	**62.1**
Lipovitan D	48.9	47.4	44.7	44.3	**40.0**
Others	22.2	21.8	22.0	23.2	**22.1**
Pabron series	25.7	25.8	26.1	26.0	**25.2**
RiUP series	14.9	14.2	13.9	15.6	**14.9**
Livita series	3.6	4.0	4.7	4.7	**4.0**
Gastrointestinal treatment series	4.3	4.3	4.3	4.3	**4.1**
NARON series	4.6	4.1	4.1	4.1	**3.7**
Colac series	3.9	3.8	3.7	3.6	**3.3**
ZENA series	3.3	3.3	3.1	3.3	**3.0**
Overseas	12.1	13.4	17.6	25.4	**27.9**
Energy drinks	6.3	6.4	7.1	9.0	**9.4**
OTC drugs	5.1	6.2	9.6	15.5	**17.6**

Ordinary Income and Net Income

Non-operating income decreased ¥1,912 million, or 19.7%, year on year to ¥7,789 million due mainly to a decrease in equity in earnings of affiliated companies. Non-operating expenses were essentially unchanged at ¥187 million. Consequently, ordinary income decreased ¥11,668 million, or 22.8%, to ¥39,576 million. The ratio of ordinary income to net sales decreased 3.8 percentage points to 13.6%.

Extraordinary income increased ¥858 million to ¥1,035 million, due mainly to an increase in gain on sales of fixed assets. Extraordinary losses increased ¥344 million to ¥449 million, due mainly to an increase in loss on disposal of fixed assets.

Income before income taxes and minority interests decreased ¥11,154 million, or 21.7%, to ¥40,163 million. After adjusting for income taxes and minority interests in consolidated subsidiaries, net income was ¥24,529 million, a decrease of ¥8,164 million, or 25.0%. Net income per share was ¥302.57. Return on equity decreased 1.6 percentage points to 4.0%.

Review by Segment

Self-Medication Operation Group

Segment net sales decreased ¥5,458 million, or 3.0%, year on year to ¥176,295 million.

By core brand, sales of the *Lipovitan* series of energy drinks decreased 8.0% to ¥62.1 billion, with sales of *Lipovitan D* down 9.8% due mainly to the effect of unseasonable summer weather. Sales of the *Pabron* series decreased 3.2% to ¥25.2 billion, with firm sales of nasal inflammation treatments but lower sales of mainstay cold remedies. Sales of the *RiUP* series of hair regrowth treatments decreased 4.1% to ¥14.9 billion, mainly due to the pullback in demand following the surge prior to the increase in the consumption tax.

Meanwhile, in the overseas OTC drug business, which primarily operates in Asia, sales increased 13.5% to ¥17.6 billion.

Prescription Pharmaceutical Operation Group

Segment net sales were essentially unchanged year on year at ¥114,203 million.

Sales of *ZOSYN*, a combination antibiotic with a beta-lactamase inhibitor, increased 6.1% to ¥26.9 billion, sales of active vitamin D_3 osteoporosis agent *Edirol* rose 22.0% to ¥17.2 billion, and sales of bisphosphonate osteoporosis agent *Bonviva* increased 194.2% to ¥3.6 billion. In addition, *Lusefi*, a type 2 diabetes mellitus agent launched in May 2014, generated sales of ¥2.4 billion. However, sales of macrolide antibiotic *Clarith* decreased 18.0% to ¥13.5 billion, and sales of peripheral vasodilator *Palux* decreased 10.6% to ¥7.0 billion partly due to the effects of NHI drug price revisions and generic drugs.

■ Net Sales of Main Products (Prescription Pharmaceutical Operation Group)

(Billions of yen)

Fiscal years ended March 31	2011	2012	2013	2014	2015
ZOSYN	14.8	17.6	21.5	25.4	**26.9**
Edirol	—	1.8	8.8	14.1	**17.2**
Clarith	22.9	21.6	19.0	16.4	**13.5**
Palux	10.2	9.4	8.5	7.9	**7.0**
OZEX	4.1	6.1	8.2	7.2	**6.6**
Geninax	4.5	6.1	6.1	6.8	**5.7**
Bonviva	—	—	—	1.2	**3.6**
Biofermin	—	—	—	3.7	**3.6**
Lusefi	—	—	—	—	**2.4**
Lorcam	3.6	3.3	3.0	2.7	**2.3**
Yakuban	—	—	—	2.6	**2.3**
LUPRAC	2.2	2.2	2.3	2.3	**2.2**

Financial Position

The Group has a financial policy of maintaining appropriate liquidity, securing sufficient working capital for corporate business activities and ensuring a sound balance sheet.

Total assets as of March 31, 2015 increased ¥39,650 million, or 5.4%, from a year earlier to ¥768,093 million. Current assets increased ¥8,036 million, or 2.9%, to ¥289,082 million. Total fixed assets increased ¥31,614 million, or 7.1%, to ¥479,011 million.

Current assets increased from a year earlier mainly because cash and deposits increased ¥14,267 million. This increase was partially offset by a decrease of ¥4,045 million in marketable securities and a decrease of ¥1,690 million in deferred tax assets.

Fixed assets increased from a year earlier mainly because investments and other assets increased ¥38,362 million, or 13.0%, to ¥333,399 million. Tangible fixed assets decreased ¥3,214 million, or 3.1%, to ¥100,367 million, and intangible fixed assets decreased ¥3,533 million, or 7.2%, to ¥45,245 million.

Total liabilities as of March 31, 2015 decreased ¥1,659 million, or 1.4%, from a year earlier to ¥114,850 million. Current liabilities decreased ¥11,820 million, or 15.5%, to ¥64,231 million. Long-term liabilities increased ¥10,161 million, or 25.1%, to ¥50,619 million.

Net assets as of March 31, 2015 increased ¥41,310 million, or 6.8%, from a year earlier to ¥653,243 million. Retained earnings increased ¥18,131 million. Valuation difference on securities increased ¥17,415 million. Foreign currency translation adjustment increased ¥4,848 million.

As a result, the equity ratio increased 0.9 percentage points from March 31, 2014 to 83.3%. Net assets per share were ¥7,892.19.

Segment Information

(Millions of yen)

Fiscal years ended March 31	2011	2012	2013	2014	2015
Sales					
Self-Medication Operation Group	¥167,195	¥166,467	¥171,272	¥181,753	**¥176,295**
Japan	153,101	150,776	151,137	153,857	**145,614**
Overseas	12,144	13,371	17,562	25,380	**27,940**
Others	1,950	2,321	2,573	2,517	**2,741**
Prescription Pharmaceutical Operation Group	101,437	104,763	113,897	114,205	**114,203**
Ethical drugs	93,172	96,512	105,437	111,290	**111,595**
Intermediate products, etc.	7,919	7,918	8,100	2,588	**2,017**
Royalty income	345	333	360	327	**591**
Segment assets					
Self-Medication Operation Group	249,088	234,246	251,016	275,362	**287,090**
Prescription Pharmaceutical Operation Group	161,223	153,948	156,989	161,333	**171,257**
Depreciation*					
Self-Medication Operation Group	8,936	8,702	8,516	9,155	**9,741**
Prescription Pharmaceutical Operation Group	2,789	2,540	2,435	1,888	**1,821**

*Depreciation includes amortization of long-term prepaid expenses.

Cash Flows

Cash and cash equivalents as of March 31, 2015 increased ¥6,904 million from a year earlier to ¥143,039 million.

Cash flows during fiscal 2014 were as follows.

Cash Flows from Operating Activities

Net cash provided by operating activities decreased ¥26,519 million year on year to ¥33,715 million. This was partially due to income before income taxes and minority interests of ¥40,163 million.

Cash Flows from Investing Activities

Net cash used in investing activities decreased ¥3,835 million year on year to ¥18,163 million. The primary use of cash was payments for purchase of investment securities of ¥24,501 million.

Cash Flows from Financing Activities

Net cash used in financing activities was essentially unchanged at ¥9,444 million. The primary use of cash was cash dividends paid totaling ¥8,900 million.

Capital Expenditures

The Group made capital expenditures totaling ¥5,253 million during fiscal 2014 as part of ongoing efforts to expand its business operations. No sale, retirement or recognition of impairment of fixed assets had a material effect on production capacity.

Human Resources

The total number of employees as of March 31, 2015 increased by 228 from a year earlier to 6,609.

Self-Medication Operation Group employees increased by 261 to 3,173. Prescription Pharmaceutical Operation Group employees decreased by 19 to 1,880. Employees engaged in Companywide operations not allocable to any specific segment decreased by 14 to 1,556.

Basic Earnings Distribution Policy

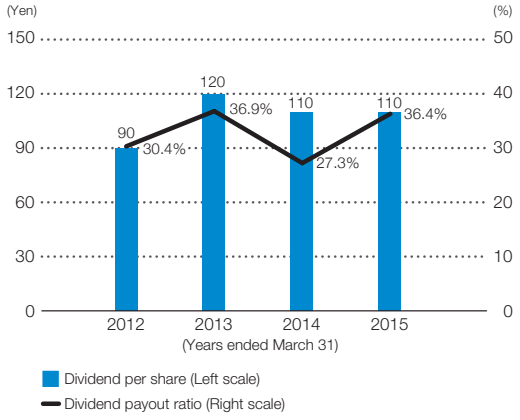
The Company's basic earnings distribution policy is to maintain a stable dividend while ensuring sufficient internal reserves to build a stronger enterprise. Aiming to strengthen its competitiveness and expand its business, the Company will use these internal reserves for R&D, capital investment, product in-licensing, capital and business alliances and new business development. In addition, with due consideration given to the funds required for such investments, the Company plans to repurchase treasury stock in a flexible manner for the purposes of improving capital efficiency and implementing an agile financial policy.

The Company's dividend policy is to pay dividends largely in line with its consolidated business performance each fiscal year, while targeting a dividend payout ratio of 30% of net income excluding extraordinary income/loss. Barring special circumstances, the Company plans to maintain an annual dividend of at least ¥100 per share, even when the dividend payout ratio exceeds 30%.

For fiscal 2014, the Company declared an annual dividend of ¥110 per share.

The Company's Articles of Incorporation stipulate that "the Company may pay cash dividends from surplus as an interim dividend to shareholders or registered pledgees of shares shown or recorded on the final register of shareholders every September 30, by resolution of the Board of Directors," in accordance with Article 454.5 of the Companies Law of Japan.

Dividend Per Share/Dividend Payout Ratio



Fiscal 2015 Outlook

For fiscal 2015, ending March 31, 2016, the Company forecasts that net sales will increase 1.5% year on year to ¥295,000 million. Despite the expected increase in sales, the Company forecasts a year-on-year decrease in income because the Self-Medication Operation Group will continue to increase advertising and other expenses to nurture and strengthen its brands over the medium term and the Prescription Pharmaceutical Operation Group expects R&D expenditures to increase. Given these and other increases in expenses to support future profitability, the Company forecasts that operating income will decrease 15.6% to ¥27,000 million, ordinary income will decrease 11.6% to ¥35,000 million, and net income will decrease 10.3% to ¥22,000 million.

Self-Medication Operation Group

For fiscal 2015, the Company forecasts that net sales in the Self-Medication Operation Group will increase 2.4% year on year to ¥180,500 million. Net sales in Japan are expected to increase 1.7% to ¥148,100 million. By core product, the Company forecasts that sales of the *Lipovitan* series of energy drinks will decrease 1.1% to ¥61.4 billion, sales of the *Pabron* series will decrease 0.7% to ¥25.0 billion, and sales of the *RiUP* series of hair regrowth treatments will increase 0.4% to ¥15.0 billion. Net sales overseas are expected to increase 7.0% to ¥29.9 billion. The Company forecasts that OTC drug sales will increase 9.9% to ¥19.3 billion and that energy drink sales will increase 2.9% to ¥9.7 billion.

Prescription Pharmaceutical Operation Group

For fiscal 2015, the Company forecasts that net sales in the Prescription Pharmaceutical Operation Group will increase 0.3% year on year to ¥114,500 million. Net sales of ethical drugs are expected to increase by 0.4% to ¥112,000 million. The Company forecasts that sales of active vitamin D_3 osteoporosis agent *Edirol* will increase 9.6% to ¥18.8 billion, sales of *ZOSYN*, a combination antibiotic with a beta-lactamase inhibitor, will increase 0.2% to ¥27.0 billion, sales of bisphosphonate osteoporosis agent *Bonviva* will increase 66.2% to ¥6.0 billion, and sales of *Lusefi*, a type 2 diabetes mellitus agent launched in May 2014, will increase 67.5% to ¥4.0 billion. At the same time, the Company forecasts that sales of macrolide

antibiotic *Clarith* will decrease 6.3% to ¥12.6 billion, and sales of peripheral vasodilator *Palux* will decrease 6.4% to ¥6.6 billion.

The Company also forecasts that net sales of intermediate products, etc. will decrease 5.8% to ¥1.9 billion.

Business and Other Risks

The Taisho Pharmaceutical Group faces various risks in the course of business. The following are primary risks that could have a material impact on investors' decisions.

Forward-looking statements mentioned in this discussion of risks reflect management's beliefs and judgments as of March 31, 2015.

Legal risks and risks related to healthcare policy

The Group's operations are subject to laws and regulations governing pharmaceutical affairs. A number of different approval and permission systems exist at each stage of pharmaceutical operations, including research, development, manufacturing, import and distribution. Consequently, there is a risk that the Group's products could fail to conform to regulations at one of these stages, or that a previously granted approval could be revoked. Among other risks, depending on trends in healthcare policy, health insurance systems and other changes, the Group may also face the risk of a decline in pharmaceutical prices.

Risks related to pharmaceutical quality, side effects and other issues

The Group does its utmost to guarantee the reliability and quality of its products. Nevertheless, unanticipated side effects, accidents and other factors could force the Group to recall or halt the sale of the products affected or cause the Group to incur claims for damages.

Risks related to pharmaceutical development and commercialization

The development of pharmaceuticals is a lengthy process and requires substantial investment in R&D. The success of newly launched products and businesses is uncertain.

Risks related to the proper protection of intellectual property rights

If the Group is not properly protected by its intellectual property rights, there is the risk that a third party might use the Group's technology and other intellectual property and undermine the Group's competitiveness in the market. Similarly, there is also the risk that the Group might encroach on the intellectual property rights of third parties.

Risks related to expiration of patents

Although the Group strives to extend product life cycles, sales could be negatively impacted, for example, by the emergence of generic drugs or the switch to OTC drugs produced following the expiration of patents.

Risks from lawsuits

The Group faces the possibility of lawsuits during the course of its business activities related to product liability, environmental issues and other matters.

Risks from fluctuations in foreign exchange rates

Fluctuations in foreign currency exchange rates could affect royalties denominated in foreign currencies received from outside Japan, commercial transactions and other factors, thus impacting the Group's operating results.

Other risks

Sudden occurrence of natural disasters such as earthquakes and tsunami, deterioration in sociopolitical stability overseas, and other events could cause the Group to suffer damage, such as the destruction of overseas business sites or infrastructure, or downsizing or withdrawal from its businesses. In addition, the Group is faced with various other risks, including risks related to the external procurement of raw materials and risks associated with dependency on licenses for products developed by other companies. The risks inherent in the Group's business activities are therefore not limited to the risks described above.

Consolidated Balance Sheets

Taisho Pharmaceutical Holdings Co., Ltd. and Its Consolidated Subsidiaries
As of March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	2014	2015	2015
Current assets:			
Cash and deposits (Notes 8 and 10)	¥ 145,320	¥ 159,588	$ 1,328,236
Notes and accounts receivable–trade (Note 10)	78,508	80,322	668,510
Marketable securities (Notes 8, 10 and 11)	14,084	10,039	83,551
Inventories	27,121	27,309	227,289
Deferred tax assets (Note 15)	8,028	6,337	52,745
Other (Note 17)	8,424	5,663	47,133
Allowance for doubtful accounts (Note 10)	(440)	(175)	(1,457)
Total current assets	281,046	289,082	2,406,008
Fixed assets:			
Tangible fixed assets:			
Buildings and structures (Note 4)	146,333	145,256	1,208,959
Machinery, equipment and vehicles	86,361	87,758	730,405
Land (Note 4)	37,740	37,500	312,111
Construction-in-progress	784	693	5,771
Other	33,874	33,743	280,844
Accumulated depreciation and impairment loss	(201,511)	(204,585)	(1,702,744)
Total tangible fixed assets	103,581	100,367	835,346
Intangible fixed assets:			
Goodwill	22,991	22,093	183,879
Sales rights	7,186	5,932	49,372
Other	18,602	17,220	143,318
Total intangible fixed assets	48,778	45,245	376,569
Investments and other assets:			
Investment securities (Notes 10 and 11)	226,982	264,642	2,202,599
Shares of subsidiaries and affiliates	51,779	54,685	455,138
Investments in capital of subsidiaries and affiliates	1,174	—	—
Long-term prepaid expenses	858	738	6,144
Net defined benefit assets (Note 13)	2,586	7,003	58,289
Deferred tax assets (Note 15)	7,668	5,615	46,734
Other	4,217	922	7,676
Allowance for doubtful accounts	(226)	(207)	(1,720)
Total investments and other assets	295,038	333,399	2,774,859
Total fixed assets	447,397	479,011	3,986,774
Total assets (Note 16)	¥ 728,442	¥ 768,093	$ 6,392,782

LIABILITIES AND NET ASSETS	Millions of yen 2014	2015	Thousands of U.S. dollars (Note 1) 2015
Current liabilities:			
Notes and accounts payable–trade	¥ 27,859	¥ 29,133	$ 242,476
Accounts payable (Note 17)	14,784	14,770	122,929
Accrued income taxes (Note 15)	11,518	3,255	27,090
Accrued expenses	10,411	10,648	88,620
Provision for sales returns	518	526	4,379
Provision for bonuses	4,631	3,947	32,853
Other (Note 4)	6,330	1,951	16,241
Total current liabilities	76,051	64,231	534,587
Long-term liabilities:			
Provision for directors' retirement benefits	1,640	1,433	11,923
Net defined benefit liabilities (Note 13)	19,584	22,385	186,309
Deferred tax liabilities (Note 15)	14,390	19,536	162,601
Other (Note 4)	4,844	7,265	60,468
Total long-term liabilities	40,458	50,619	421,300
Net Assets:			
Shareholders' equity:			
Common stock (Note 7)			
Authorized—			
2014: 360,000 thousand shares			
2015: 360,000 thousand shares			
Issued—			
2014: 90,139 thousand shares			
2015: 90,139 thousand shares	30,000	30,000	249,688
Capital surplus	15,270	15,270	127,090
Retained earnings	591,576	609,707	5,074,546
Treasury stock (Note 7)			
(2014: 9,065 thousand shares, 2015: 9,077 thousand shares)	(57,549)	(57,644)	(479,764)
Total shareholders' equity	579,296	597,333	4,971,560
Accumulated other comprehensive income:			
Valuation difference on securities	22,639	40,054	333,371
Deferred gains or losses on hedges	—	(1)	(5)
Foreign currency translation adjustment	896	5,745	47,813
Remeasurements of defined benefit plans	(2,751)	(3,374)	(28,080)
Total accumulated other comprehensive income	20,785	42,425	353,099
Subscription rights to shares	181	299	2,488
Minority interests	11,671	13,186	109,747
Total net assets	611,933	653,243	5,436,894
Total liabilities and net assets	¥728,442	¥768,093	$6,392,782

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income

Taisho Pharmaceutical Holdings Co., Ltd. and Its Consolidated Subsidiaries
For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Net sales (Note 16)	¥295,958	¥290,498	$2,417,798
Cost of sales	111,264	112,250	934,250
Gross profit	184,694	178,248	1,483,548
Selling, general and administrative expenses (Note 5)	143,010	146,274	1,217,427
Operating income (Note 16)	41,684	31,974	266,121
Non-operating income:			
Interest income	5,296	5,374	44,726
Dividend income	1,203	1,317	10,965
Equity in earnings of entities accounted for using equity method	2,473	255	2,126
Other	728	842	7,007
	9,701	7,789	64,824
Non-operating expenses:			
Interest expenses	3	3	23
Commission fee	106	92	767
Other	32	92	765
	141	187	1,556
Ordinary income	51,244	39,576	329,390
Extraordinary income:			
Gain on sales of fixed assets (Note 5)	121	1,035	8,617
Gain on sales of investment securities	57	—	—
	177	1,035	8,617
Extraordinary losses:			
Loss on disposal of fixed assets (Note 5)	105	396	3,297
Loss on liquidation of subsidiaries	—	53	439
	105	449	3,736
Income before income taxes and minority interests	51,316	40,163	334,270
Income taxes (Note 15)**:**			
Current	17,662	12,075	100,502
Deferred	(356)	2,027	16,873
	17,306	14,103	117,375
Income before minority interests	34,010	26,060	216,896
Minority interests in income	1,318	1,531	12,743
Net income (Note 18)	¥ 32,693	¥ 24,529	$ 204,153

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Comprehensive Income

Taisho Pharmaceutical Holdings Co., Ltd. and Its Consolidated Subsidiaries
For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Income before minority interests	¥34,010	**¥26,060**	**$216,896**
Other comprehensive income:			
Valuation difference on securities	6,509	**16,822**	**140,006**
Foreign currency translation adjustment	6,933	**4,944**	**41,151**
Remeasurements of defined benefit plans	—	**(775)**	**(6,451)**
Share of other comprehensive income of entities accounted for using equity method	83	**794**	**6,612**
Total other comprehensive income	13,525	**21,785**	**181,318**
Comprehensive income	¥47,536	**¥47,845**	**$398,214**
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	¥46,198	**¥46,169**	**$384,259**
Comprehensive income attributable to minority interests	1,338	**1,677**	**13,955**

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Changes in Net Assets

Taisho Pharmaceutical Holdings Co., Ltd. and Its Consolidated Subsidiaries
For the years ended March 31, 2014 and 2015

Millions of yen

	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance as of April 1, 2013	¥30,000	¥15,270	¥567,810	¥(57,397)	¥555,683	¥16,045	—	¥(6,014)	—	¥10,031	¥ 92	¥12,353	¥578,159
Changes during the period													
Purchase of treasury stock				(111)	(111)								(111)
Disposal of treasury stock		(0)		7	7								7
Dividends of surplus			(8,927)		(8,927)								(8,927)
Net income			32,693		32,693								32,693
Effect of changes in the shares of equity-method affiliates				(48)	(48)								(48)
Net changes of items other than shareholders' equity						6,595	—	6,910	(2,751)	10,754	89	(682)	10,161
Total changes during the period	—	(0)	23,766	(152)	23,613	6,595	—	6,910	(2,751)	10,754	89	(682)	33,774
Balance as of March 31, 2014	¥30,000	¥15,270	¥591,576	¥(57,549)	¥579,296	¥22,639	—	¥ 896	¥(2,751)	¥20,785	¥181	¥11,671	¥611,933
Cumulative effects of changes in accounting policies			1,734		1,734								1,734
Restated balance	30,000	15,270	593,309	(57,549)	581,030	22,639	—	896	(2,751)	20,785	181	11,671	613,667
Changes during the period													
Purchase of treasury stock				(98)	(98)								(98)
Disposal of treasury stock		0		3	3								3
Change of scope of consolidation			794		794								794
Dividends of surplus			(8,926)		(8,926)								(8,926)
Net income			24,529		24,529								24,529
Net changes of items other than shareholders' equity						17,415	(1)	4,848	(623)	21,640	118	1,515	23,273
Total changes during the period	—	0	16,397	(95)	16,303	17,415	(1)	4,848	(623)	21,640	118	1,515	39,576
Balance as of March 31, 2015	¥30,000	¥15,270	¥609,707	¥(57,644)	¥597,333	¥40,054	¥(1)	¥ 5,745	¥(3,374)	¥42,425	¥299	¥13,186	¥653,243

Thousands of U.S. dollars (Note 1)

	Shareholders' equity					Accumulated other comprehensive income							
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Valuation difference on securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription rights to shares	Minority interests	Total net assets
Balance as of March 31, 2014	$249,688	$127,089	$4,923,641	$(478,975)	$4,821,444	$188,426	—	$ 7,460	$(22,893)	$172,993	$1,505	$ 97,134	$5,093,076
Cumulative effects of changes in accounting policies			14,430		14,430								14,430
Restated balance	249,688	127,089	4,938,071	(478,975)	4,835,873	188,426	—	7,460	(22,893)	172,993	1,505	97,134	5,107,505
Changes during the period													
Purchase of treasury stock				(816)	(816)								(816)
Disposal of treasury stock		1		26	27								27
Change of scope of consolidation			6,609		6,609								6,609
Dividends of surplus			(74,287)		(74,287)								(74,287)
Net income			204,153		204,153								204,153
Net changes of items other than shareholders' equity						144,945	(5)	40,353	(5,187)	180,106	983	12,613	193,702
Total changes during the period	—	1	136,475	(789)	135,687	144,945	(5)	40,353	(5,187)	180,106	983	12,613	329,389
Balance as of March 31, 2015	$249,688	$127,090	$5,074,546	$(479,764)	$4,971,560	$333,371	$(5)	$47,813	$(28,080)	$353,099	$2,488	$109,747	$5,436,894

The accompanying notes are in integral part of these financial statement.

Consolidated Statements of Cash Flows

Taisho Pharmaceutical Holdings Co., Ltd. and Its Consolidated Subsidiaries
For the years ended March 31, 2014 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 51,316	¥ 40,163	$ 334,270
Adjustments:			
Depreciation and amortization (Note 16)	11,043	11,562	96,229
Amortization of goodwill	1,346	1,378	11,469
Loss (gain) on sales of fixed assets (Note 5)	(121)	(1,035)	(8,617)
Loss (gain) on disposal of fixed assets (Note 5)	105	396	3,297
Loss (gain) on sales of investment securities	(57)	—	—
Loss (gain) on liquidation of subsidiaries	—	53	439
Interest and dividend income	(6,499)	(6,691)	(55,691)
Interest expenses	3	3	23
Equity in losses (earnings) of entities accounted for using equity method	(2,473)	(255)	(2,126)
Increase (decrease) in allowance for doubtful accounts	(107)	(289)	(2,403)
Increase (decrease) in net defined benefit liabilities	1,363	2,786	23,189
Decrease (increase) in net defined benefit assets	2,894	(4,417)	(36,763)
Increase (decrease) in provision for directors' retirement benefits	(27)	(208)	(1,729)
Increase (decrease) in provision for bonuses	(39)	(693)	(5,767)
Decrease (increase) in notes and accounts receivable–trade	5,834	(932)	(7,757)
Decrease (increase) in inventories	(1,134)	(5)	(44)
Increase (decrease) in notes and accounts payable–trade	(642)	858	7,140
Increase (decrease) in long-term accounts payable–other	21	1	8
Other, net	(2,167)	626	5,209
Subtotal	60,659	43,299	360,376
Interest and dividend income received	6,623	6,842	56,948
Interest expenses paid	(3)	(3)	(23)
Income taxes paid	(9,934)	(20,383)	(169,644)
Income taxes refund	2,887	3,959	32,946
Net cash provided by operating activities	60,233	33,715	280,603
Cash flows from investing activities:			
Decrease (increase) in time deposits	4,281	(2,942)	(24,482)
Proceeds from sales and redemption of marketable securities	14,300	14,000	116,521
Payments for purchase of tangible fixed assets	(9,821)	(5,265)	(43,816)
Proceeds from sales of tangible fixed assets	228	1,329	11,063
Payments for purchase of intangible fixed assets	(5,041)	(500)	(4,165)
Proceeds from sales of intangible fixed assets	1	0	4
Payments for purchase of investment securities	(23,014)	(24,501)	(203,916)
Proceeds from sales and redemption of investment securities	183	0	4
Payments for purchase of shares of subsidiaries and affiliates	(2,668)	—	—
Proceeds from sales of shares of subsidiaries and affiliates	7	1	9
Payments for purchase of long-term prepaid expenses	(407)	(310)	(2,577)
Other, net	(48)	23	190
Net cash used in investing activities	(21,998)	(18,163)	(151,167)
Cash flows from financing activities:			
Increase in short-term loans payable	270	170	1,415
Decrease in short-term loans payable	(255)	(225)	(1,873)
Repayments of finance lease obligations	(137)	(107)	(887)
Payments for purchase of treasury stock	(111)	(98)	(816)
Cash dividends paid	(8,895)	(8,900)	(74,075)
Cash dividends paid to minority shareholders	(312)	(284)	(2,365)
Net cash used in financing activities	(9,439)	(9,444)	(78,600)
Effect of exchange rate changes on cash and cash equivalents	1,222	1,032	8,586
Net increase (decrease) in cash and cash equivalents	30,018	7,140	59,422
Cash and cash equivalents at the beginning of period	106,117	136,135	1,133,042
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(236)	(1,960)
Cash and cash equivalents at the end of period (Note 8)	¥136,135	¥143,039	$1,190,504

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements

Taisho Pharmaceutical Holdings Co., Ltd. and Its Consolidated Subsidiaries

1. Basis of Presenting the Consolidated Financial Statements

The accompanying consolidated financial statements of Taisho Pharmaceutical Holdings Co., Ltd. (the "Company") and its domestic and foreign subsidiaries (together, the "Companies") are basically English versions of those which have been filed with the Ministry of Finance and prepared in accordance with accounting principles and practices generally accepted in Japan, which differ in certain respects to the application and disclosure requirements of International Financial Reporting Standards. The preparation of these financial statements requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements as well as reported amounts of revenues and expenses during the reporting periods.

The accompanying consolidated financial statements incorporate certain reclassifications and rearrangements in order to present these statements in a form which is more familiar to the readers of these statements outside Japan.

The figures shown in the consolidated financial statements have been rounded to the nearest million yen.

The U.S. dollar amounts are included solely for convenience and have been translated at the rate of ¥120.15 = U.S. $1, the approximate exchange rate prevailing in the Japanese foreign exchange market as at March 31, 2015. This translation should not be construed as a representation that the yen amounts actually represent, or have been or could be converted into U.S. dollars at that rate.

2. Summary of Significant Accounting Policies

(1) Scope of Consolidation

a) Consolidated subsidiaries as of March 31, 2015:

The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries (34 companies at March 31, 2015). Main subsidiaries are as follows:

Taisho Pharmaceutical Co., Ltd.
Taisho Toyama Pharmaceutical Co., Ltd.
Biofermin Pharmaceutical Co., Ltd.
Osotspa Taisho Pharmaceutical Co., Ltd.
PT. Taisho Pharmaceutical Indonesia Tbk

b) Non-consolidated subsidiaries as of March 31, 2015:

PT. Taisho Indonesia

This non-consolidated subsidiary has a small scale of operations, and its total assets, net sales, net income (corresponding to equity share), retained earnings (corresponding to equity share) and other accounts have no material impact on the consolidated financial statements. Accordingly, this company has been excluded from the scope of consolidation.

c) Equity-method affiliates:

Investments in all affiliated companies (three affiliates at March 31, 2015) where shareholdings are more than 20% and where the Company has significant influence over operations, finance and management, are accounted for by the equity method. Main affiliates are Toyama Chemical Co., Ltd. and Yomeishu Seizo Co., Ltd.

d) Unconsolidated subsidiaries and affiliates that are not accounted for by the equity method:

PT. Taisho Indonesia

This non-consolidated subsidiary has a small scale of operations, and its net income (corresponding to equity share) and retained earnings (corresponding to equity share) have no material impact on the consolidated financial statements. Accordingly, this company has been excluded from the scope of consolidation.

e) Account closing dates:

All significant intercompany transactions and accounts and unrealized intercompany profits are eliminated on consolidation. The results of consolidated subsidiaries, except for Taisho Pharmaceutical Co., Ltd., Taisho Toyama Pharmaceutical Co., Ltd., Biofermin Pharmaceutical Co., Ltd. and five other companies, are included in the consolidated accounts for the fiscal years ended December 31, 2014, while the accounts of the eight subsidiaries listed above are consolidated using their results for the fiscal years ended March 31, 2015. Material differences in intercompany transactions and accounts arising from the use of the different fiscal year-ends are appropriately adjusted for on consolidation.

(2) Valuation standards and valuation methods for major assets

a) Securities:

1) Held-to-maturity debt securities are stated at cost after accounting for any premium or discount on acquisition, which is amortized over the period to maturity.
2) Other securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate item in the shareholders' equity at a net-of-tax amount. Other securities for which market quotations are unavailable are stated at cost determined by the moving average method.

When the fair value of held-to-maturity debt securities or other securities has declined significantly and such impairment of the value is not deemed temporary, those securities are written down to the fair value and the resulting losses are included in net profit or loss for the period.

Debt securities due within one year are presented as "marketable securities" and all other securities are presented as "investment securities."

b) Derivatives:

All derivatives are stated at fair value, with changes in fair value included in profit or loss in the period in which they arise, except for derivatives that are designated as "hedging instruments."

c) Inventories:
Merchandise, finished goods and work-in-process are stated at the lower of cost or net realizable value, which is determined by the weighted average method. Raw materials are stated at the lower of cost or net realizable value, which is determined by the moving average method. Supplies are stated at the lower of cost or net realizable value, which is determined by applying the last purchase price method. However, sales promotion items are stated at the lower of cost or net realizable value, which is determined by the moving average method.

(3) Depreciation and amortization of major assets

a) Tangible fixed assets (except for lease assets):
Tangible fixed assets, including significant renewals and improvements, are capitalized at cost. Maintenance and repairs and minor renewals and betterments are expensed when incurred. Depreciation is computed primarily using the declining-balance method for domestic consolidated subsidiaries and the straight-line method for foreign consolidated subsidiaries. However, buildings acquired by domestic consolidated subsidiaries on or after April 1, 1998 (excluding facilities attached to buildings) are depreciated using the straight-line method. The useful lives are determined based on the useful economic life.

In the case of retirement or disposal, the difference between the net carrying amount and salvage or sales proceeds is charged or credited to income.

b) Intangible fixed assets (except for lease assets):
The straight-line method is adopted. Sales rights are amortized based on the straight-line method over the expected useful economic life. Software for in-house use is amortized based on the straight-line method over the expected useful economic life of 5 years.

c) Lease assets:
The straight-line method is adopted over the lease term with no residual value. However, finance lease transactions that do not transfer ownership, of which contract start dates are prior to April 1, 2008, are accounted for in a manner similar to operating leases.

(4) Significant deferred assets

The full amount is recognized as an expense when paid.

(5) Basis of provision

a) Allowance for doubtful accounts:
An allowance for doubtful accounts is provided for estimated future losses based on past experience, and based on assessment of the collectability of individual receivables.

b) Provision for sales returns:
Provision for sales returns is provided for the expected returns of sales at the end of the fiscal year.

c) Provision for bonuses:
Accrued bonuses are provided for the expected payments of employees' bonuses at the end of the fiscal year.

d) Provision for directors' retirement benefits:
Provision for directors' retirement benefits are provided for retirement payments to directors, executive officers and others in the amount of the expected payments at the end of the fiscal year based on internal regulations.

(6) Accounting policy for retirement benefits

a) Method of attributing the projected benefits to periods of service:
In calculating retirement benefit obligations, the projected retirement benefits are attributed to the periods of service through the end of the fiscal year based on the benefit formula method.

b) Method of amortizing actuarial gain/loss and prior service cost:
Prior service cost is amortized on a straight-line basis over a certain number of years within the average remaining service period of employees when incurred.

Actuarial gain/loss is amortized on a straight-line basis over a certain number of years within the average remaining service period of employees for each fiscal year in which they arise, from the beginning of the subsequent fiscal year.

(7) Foreign currency translation

Foreign currency transactions are translated using foreign exchange rates prevailing at the transaction dates.

All monetary assets and liabilities denominated in foreign currencies, whether they are long-term or short-term, are translated into Japanese yen at the exchange rates prevailing at the balance sheet date. Resulting gains and losses are included in net profit or loss for the period.

All assets and liabilities of foreign subsidiaries and affiliates are translated at current rates at the respective balance sheet dates and all the income and expense accounts are translated at average rates for respective periods. Translation differences are included in foreign currency translation adjustments and minority interests under net assets.

(8) Hedge accounting

Gains or losses arising from changes in the fair value of derivatives designated as "hedging instruments" are deferred as a component of net assets and included in profit or loss in the same period in which the gains or losses on the hedged items or transactions are recognized.

Derivatives designated as "hedging instruments" by the Company are principally currency forward contracts and interest rate swaps. A hedged item is an asset, liability, firm commitment, or forecasted future transaction that exposes the enterprise to the risk of changes in fair value or changes in future cash flows and that, for hedge accounting purposes, is designated as being hedged.

The Company has a policy to utilize the above hedging instruments in order to reduce the Company's exposure to the risk of exchange and interest rate fluctuations. Thus, the Company's purchase of hedging instruments is limited to, at maximum, the amount of the items to be hedged.

The Company evaluates the effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(9) Amortization of goodwill

Goodwill is amortized equally over the effective periods.

(10) Cash and cash equivalents in consolidated statement of cash flows

Cash and cash equivalents in the statement of cash flows comprise cash on hand, demand deposits and short-term investments that are readily convertible into cash, are exposed to negligible risk of a change in value, and mature within three months or less.

(11) Consumption tax

The consumption tax withheld upon sale and consumption tax paid by the Companies on their purchases of goods and services is not included in revenue and cost or expense items, in the accompanying consolidated statements of income.

(12) Accounting standards and guidelines issued but not yet applied

"Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013)
"Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013)
"Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013)
"Accounting Standard for Earnings Per Share" (ASBJ Statement No. 2, September 13, 2013)
"Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013)
"Revised Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No. 4, September 13, 2013)

a) Outline:

These accounting standards and guidance and other related matters have been revised, focusing on explaining the changes in the parent company's equity interest in these subsidiaries when control is retained upon the acquisition of additional shares in the subsidiaries; the treatment of acquisition-related expenses; the presentation of net income and the change from minority interests to non-controlling interests; and the handling of transitional accounting measures.

b) Planned date of application:

The Company will adopt these revised accounting standards and guidance from the beginning of the fiscal year ending March 31, 2016.

In addition, the company will apply provisional accounting measures to business combinations implemented on or after the beginning of the fiscal year ending March 31, 2016.

c) Impact of application of the amended accounting standards:

The impact of the "Revised Accounting Standard for Business Combinations" and related standards and guidance on the Company's consolidated financial statements is currently being evaluated.

3. Changes in Accounting Policies

(Application of accounting standards for retirement benefits)

For the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, March 26, 2015), the Company has additionally applied the provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits from the fiscal year under review, and reviewed the determination of retirement benefit obligations and current service cost. Accordingly, the Company changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis as well as amended the discount rate to be used from that based on the yield of bonds maturing in a certain period of years approximate to the expected average remaining working lives of employees to a single weighted average discount rate reflecting the estimated timing and amount of benefit payments.

Application of the Accounting Standard for Retirement Benefits and its Guidance is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits. In accordance with such measures, the effect of the change in the determination of retirement benefit obligations and current service cost has been added to or deducted from retained earnings as of the beginning of the year ended March 31, 2015.

As a result of this change, as of the beginning of the year ended March 31, 2015, net defined benefit assets increased ¥3,736 million, net defined benefit liabilities increased ¥1,116 million, and retained earnings increased ¥1,733 million. In addition, the effect of these changes on operating income, ordinary income and income before income taxes and minority interests for the year ended March 31, 2015 is immaterial.

Furthermore, the effect of these changes on net assets per share, net income per share, and diluted net income per share for the year ended March 31, 2015 is immaterial.

4. Notes to Consolidated Balance Sheets

Assets pledged as collateral and secured liabilities

	Millions of yen		Thousands of U.S. dollars (Note 1)
Year ended March 31	2014	2015	2015
Assets pledged as collateral			
Buildings and structures	¥73	¥68	$566
Land	7	7	60
Total	¥80	¥75	$625
Secured liabilities			
Other current liabilities	¥—	¥11	$ 89
Other long-term liabilities	32	11	89
Total	¥32	¥21	$177

5. Notes to Consolidated Statements of Income

(1) Selling, general and administrative expenses

The major components of "Selling, general and administrative expenses" are as follows:

For the year ended March 31	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Freight charges	¥ 7,677	¥ 7,494	$ 62,375
Advertisement costs	16,961	19,170	159,547
Sales promotion costs	31,159	32,356	269,293
Salaries and bonuses	25,964	25,180	209,567
Provisions for bonuses	2,656	2,239	18,637
Pension costs	2,435	2,156	17,946
Research and development expenditures	21,875	21,554	179,396

(2) Research and development expenditures

Research and development expenditures are recognized when incurred, and are included in selling, general and administrative expenses as follows:

For the year ended March 31	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Research and development expenditures	¥21,875	¥21,554	$179,396

(3) Breakdown of gain on sales and loss on disposal of fixed assets

The gain on sales of fixed assets is broken down as follows:

For the year ended March 31	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Buildings and structures	¥ —	¥ 8	$ 68
Machinery, equipment and vehicles	5	16	129
Land	115	1,012	8,420
Other fixed assets	1	—	—
Total	¥121	¥1,035	$8,617

The loss on disposal of fixed assets is broken down as follows:

For the year ended March 31	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Buildings and structures	¥ 62	¥316	$2,632
Machinery, equipment and vehicles	33	12	101
Land	6	32	270
Other fixed assets	4	35	291
Software	0	0	4
Total	¥105	¥396	$3,297

6. Notes to Consolidated Statements of Comprehensive Income

Reclassification adjustments and tax effect relating to other comprehensive income for the fiscal years ended March 31, 2014 and 2015 are as follows:

	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Valuation difference on securities:			
Amount arising during the period	¥9,679	¥22,842	$190,108
Reclassification adjustment	(57)	—	—
Before tax effect adjustment	9,622	22,842	190,108
Tax effect	(3,113)	(6,020)	(50,103)
Valuation difference on securities	6,509	16,822	140,006
Foreign currency translation adjustment:			
Amount arising during the period	6,933	4,944	41,151
Reclassification adjustment	—	—	—
Before tax effect adjustment	6,933	4,944	41,151
Tax effect	—	—	—
Foreign currency translation adjustment	6,933	4,944	41,151
Remeasurements of defined benefit plans:			
Amount arising during the period	—	(1,340)	(11,149)
Reclassification adjustment	—	406	3,382
Before tax effect adjustment	—	(933)	(7,767)
Tax effect	—	158	1,316
Remeasurements of defined benefit plans	—	(775)	(6,451)
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the period	83	775	6,448
Reclassification adjustment	(0)	20	164
Share of other comprehensive income of entities accounted for using equity method	83	794	6,612
Total other comprehensive income	¥13,525	¥21,785	$181,318

7. Notes to Consolidated Statements of Changes in Net Assets:

For the year ended March 31, 2014

(1) Matters related to type and total number of shares issued and treasury stock

Shares issued

Share type	Previous fiscal year-end (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Subject fiscal year-end (thousand shares)
Common stock	90,139	—	—	90,139

Treasury stock

Share type	Previous fiscal year-end (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Subject fiscal year-end (thousand shares)
Common stock	9,044	21*1	1*2	9,065

*1 There was an increase of 15 thousand shares due to the purchase of shares of less than one trading unit, and an increase of 6 thousand shares comprising shares attributable to the Company among the Parent company shares (shares of the Company) held by an equity-method affiliate.
*2 The decrease in 1 thousand shares was attributable to the exercise of stock options.

(2) Matters related to subscription rights to shares and treasury subscription rights to shares

Category	Type of subscription rights to shares	Type of shares to be granted upon the exercise of subscription rights to shares	No. of shares to be granted upon the exercise of subscription rights to shares (shares)				Fiscal year-end balance (¥ million)
			Start of fiscal year	Increase during fiscal year	Decrease during fiscal year	End of fiscal year	
Submitting company (Parent company)	subscription rights to shares as stock options	—	—	—	—	—	¥181
	Total	—	—	—	—	—	¥181

(3) Matters related to dividends

a) Amount of dividends paid:

Resolution	Type of stock	Total amount of dividends (millions of yen)	Dividends per share (yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 27, 2013	Common stock	¥4,870	¥60	March 31, 2013	June 28, 2013
Meeting of directors held on October 31, 2013	Common stock	¥4,058	¥50	September 30, 2013	December 4, 2013

b) Of the dividends for which the date of record is in the fiscal year ended March 31, 2014, those dividends with effective date in the following consolidated fiscal year are as follows:

Resolution	Type of stock	Total amount of dividends (millions of yen)	Dividends per share (yen)	Date of record	Effective date	Fiscal resource of dividends
Ordinary general meeting of shareholders held on June 27, 2014	Common stock	¥4,869	¥60	March 31, 2014	June 30, 2014	Retained earnings

For the year ended March 31, 2015

(1) Matters related to type and total number of shares issued and treasury stock

Shares issued

Share type	Previous fiscal year-end (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Subject fiscal year-end (thousand shares)
Common stock	90,139	—	—	90,139

Treasury stock

Share type	Previous fiscal year-end (thousand shares)	Increase (thousand shares)	Decrease (thousand shares)	Subject fiscal year-end (thousand shares)
Common stock	9,065	12*1	0*2	9,077

*1 The increase of 12 thousand shares was attributable to the purchase of shares of less than one trading unit.
*2 The decrease in shares attributable to the exercise of stock options was 0 thousand shares.

(2) Matters related to subscription rights to shares and treasury subscription rights to shares

Category	Type of subscription rights to shares	Type of shares to be granted upon the exercise of subscription rights to shares	No. of shares to be granted upon the exercise of subscription rights to shares (shares)				Fiscal year-end balance (¥ million)
			Start of fiscal year	Increase during fiscal year	Decrease during fiscal year	End of fiscal year	
Submitting company (Parent company)	subscription rights to shares as stock options	—	—	—	—	—	¥299
	Total	—	—	—	—	—	¥299

Category	Type of subscription rights to shares	Type of shares to be granted upon the exercise of subscription rights to shares	No. of shares to be granted upon the exercise of subscription rights to shares (shares)				Fiscal year-end balance ($ thousand)
			Start of fiscal year	Increase during fiscal year	Decrease during fiscal year	End of fiscal year	
Submitting company (Parent company)	subscription rights to shares as stock options	—	—	—	—	—	$2,488
	Total	—	—	—	—	—	$2,488

(3) Matters related to dividends

a) Amount of dividends paid:

Resolution	Type of stock	Total amount of dividends (millions of yen)	Dividends per share (yen)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 27, 2014	Common stock	¥4,869	¥60	March 31, 2014	June 30, 2014
Meeting of directors held on October 31, 2014	Common stock	¥4,057	¥50	September 30, 2014	December 4, 2014

Resolution	Type of stock	Total amount of dividends (thousands of U.S. dollars) (Note 1)	Dividends per share (U.S. dollars) (Note 1)	Date of record	Effective date
Ordinary general meeting of shareholders held on June 27, 2014	Common stock	$40,521	$0.50	March 31, 2014	June 30, 2014
Meeting of directors held on October 31, 2014	Common stock	$33,766	$0.42	September 30, 2014	December 4, 2014

b) Of the dividends for which the date of record is in the fiscal year ended March 31, 2015, those dividends with effective date in the following consolidated fiscal year are as follows:

Resolution	Type of stock	Total amount of dividends (millions of yen)	Dividends per share (yen)	Date of record	Effective date	Fiscal resource of dividends
Ordinary general meeting of shareholders held on June 26, 2015	Common stock	¥4,868	¥60	March 31, 2015	June 29, 2015	Retained earnings

Resolution	Type of stock	Total amount of dividends (thousands of U.S. dollars) (Note 1)	Dividends per share (U.S. dollars) (Note 1)	Date of record	Effective date	Fiscal resource of dividends
Ordinary general meeting of shareholders held on June 26, 2015	Common stock	$40,515	$0.50	March 31, 2015	June 29, 2015	Retained earnings

8. Notes to Consolidated Statements of Cash Flows

Cash and cash equivalents at March 31, 2014 and 2015 comprise the following:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Cash and deposits	¥145,320	¥159,588	$1,328,236
Marketable securities	14,084	10,039	83,551
Sub total	159,405	169,626	1,411,787
Time deposits with original maturity of more than three months	(9,185)	(16,549)	(137,732)
Marketable securities with original maturity of more than three months	(14,084)	(10,039)	(83,551)
Cash and cash equivalents	¥136,135	¥143,039	$1,190,504

9. Finance Leases (Lessee)

Finance leases other than those which transfer ownership of properties to lessees

a) Description of lease asset:
Tangible fixed assets
Mainly information technology equipment

b) Depreciation method:
Please refer to Note 2. (3) Depreciation and amortization of major assets (c) lease assets.

Finance lease transactions that do not transfer ownership, of which the contract start date is prior to April 1, 2008, are accounted for in a manner similar to operating leases. Detailed notes for the fiscal year ended March 31, 2015 have been omitted as they are insignificant.

10. Financial Instruments

(1) Status of financial instruments

a) Policy related to financial instruments:
The Company and consolidated subsidiaries invest only in short-term deposits and highly secure financial assets in accordance with the internal guideline for fund management. The Companies raise funds through borrowings from financial institutions including banks. The Companies do not enter into derivative transactions for speculative purposes.

b) Details of financial instruments, risks and risk management system:
Notes and accounts receivable-trade are exposed to customer credit risk. In order to mitigate the risk, the balances and status of these receivables are monitored and managed in accordance with the internal management regulations for credit risk.

Marketable securities and investment securities mainly consist of equity securities, corporate bonds and preferred equity securities. While these securities are exposed to market price fluctuation risk, the Company monitors market prices of these securities and financial conditions of the issuers periodically.

c) Supplementary explanation regarding the fair values of financial instruments:
The fair value of financial instruments is based on market values as well as reasonably determined values in situations where the market value is unavailable.

(2) Fair value of financial instruments

Amounts carried on the consolidated balance sheets, their fair values and the differences between them are as follows:

	Millions of yen		
March 31, 2014	Carrying amount	Fair value	Variance
a) Cash and deposits	¥145,320	¥145,320	¥ —
b) Notes and accounts receivable-trade	78,508		
Allowance for doubtful accounts	(440)		
	78,068	78,068	—
c) Marketable securities			
Available-for-sale securities	14,084	14,084	—
d) Investment securities			
Available-for-sale securities	226,520	226,520	—
e) Shares of subsidiaries and affiliates	9,516	6,501	(3,015)

	Millions of yen		
March 31, 2015	Carrying amount	Fair value	Variance
a) Cash and deposits	¥159,588	¥159,588	¥ —
b) Notes and accounts receivable-trade	80,322		
Allowance for doubtful accounts	(175)		
	80,147	80,147	—
c) Marketable securities			
Available-for-sale securities	10,039	10,039	—
d) Investment securities			
Available-for-sale securities	264,180	264,180	—
e) Shares of subsidiaries and affiliates	10,847	6,587	(4,260)

	Thousands of U.S. dollars (Note 1)		
March 31, 2015	Carrying amount	Fair value	Variance
a) Cash and deposits	$1,328,236	$1,328,236	$ —
b) Notes and accounts receivable-trade	668,510		
Allowance for doubtful accounts	(1,457)		
	667,054	667,054	—
c) Marketable securities			
Available-for-sale securities	83,551	83,551	—
d) Investment securities			
Available-for-sale securities	2,198,749	2,198,749	—
e) Shares of subsidiaries and affiliates	90,281	54,821	(35,459)

1. Method of calculating fair value of financial instruments and matters regarding securities
a) Cash and deposits and b) Notes and accounts receivable-trade (after deduction of amounts for allowance for doubtful accounts)
As these instruments are settled within a short term and their fair values and carrying amounts are similar, their carrying amounts are assumed as their fair value.
c) Marketable securities, d) Investment securities and e) Shares of subsidiaries and affiliates
The fair values of equity securities are determined by their market prices on stock exchanges. The fair values of bonds are determined according to market prices indicated on bond exchanges or the values indicated by financial institutions handling these transactions.

2. Financial instruments for which fair value is not readily determinable

Category	Carrying amount: Millions of yen 2014	2015	Thousands of U.S. dollars (Note 1) 2015
Unlisted equity securities	¥ 462	¥ 463	$ 3,850
Equity securities in unlisted affiliates	42,263	43,838	364,858
Investments in capital of subsidiaries and affiliates	1,174	—	—

These instruments are not included as they have no market value, and their fair value is not readily determinable.

3. Redemption schedule for monetary assets and expected maturity values of securities

March 31, 2014	Millions of yen: Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Cash and deposits	¥ 28,861	¥ —	¥ —	¥—
Notes and accounts receivable-trade	78,508	—	—	—
Marketable securities and investment securities				
Available-for-sale securities with maturities (Corporate bonds)	14,000	69,196	81,000	—
Total	¥121,368	¥69,196	¥81,000	¥—

March 31, 2015	Millions of yen: Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Cash and deposits	¥ 38,512	¥ —	¥ —	¥—
Notes and accounts receivable-trade	80,322	—	—	—
Marketable securities and investment securities				
Available-for-sale securities with maturities (Corporate bonds)	10,000	139,002	26,000	—
Total	¥128,834	¥139,002	¥26,000	¥—

March 31, 2015	Thousands of U.S. dollars (Note 1): Due within one year	Due after one year within five years	Due after five years within ten years	Due after ten years
Cash and deposits	$ 320,535	$ —	$ —	$—
Notes and accounts receivable-trade	668,510	—	—	—
Marketable securities and investment securities				
Available-for-sale securities with maturities (Corporate bonds)	83,229	1,156,901	216,396	—
Total	$1,072,274	$1,156,901	$216,396	$—

11. Marketable and Investment Securities

The following information relates to the aggregate carrying amounts and fair value of securities at March 31, 2014 and 2015.

(1) Available-for-sale securities

Available-for-sale securities whose fair value is readily determinable are recorded at fair value on the consolidated balance sheets as of March 31, 2014 and 2015.

March 31, 2014	Millions of yen: Market value (=Carrying amount)	Acquisition cost	Unrealized gains (losses)
Securities whose carrying amounts on the consolidated balance sheets exceed their acquisition costs			
(1) Equity securities	¥ 61,102	¥ 38,233	¥22,869
(2) Corporate bonds	74,731	72,843	1,888
(3) Others	80,719	70,000	10,719
Sub total	216,552	181,076	35,476
Securities whose carrying amounts on the consolidated balance sheets do not exceed their acquisition costs			
(1) Equity securities	2,930	3,281	(351)
(2) Corporate bonds	21,122	21,445	(324)
(3) Others	—	—	—
Sub total	24,051	24,726	(675)
Total	¥240,604	¥205,802	¥34,802

Unlisted equity securities (carrying amount on the consolidated balance sheet: ¥462 million) are not included in "Securities" in the above table as they have no market value, and their fair value is not readily determinable given that future cash flows and other factors cannot be reliably estimated.

March 31, 2015	Millions of yen: Market value (=Carrying amount)	Acquisition cost	Unrealized gains (losses)
Securities whose carrying amounts on the consolidated balance sheets exceed their acquisition costs			
(1) Equity securities	¥ 87,035	¥ 40,507	¥46,528
(2) Corporate bonds	68,091	66,330	1,761
(3) Others	80,513	70,000	10,513
Sub total	235,639	176,837	58,802
Securities whose carrying amounts on the consolidated balance sheets do not exceed their acquisition costs			
(1) Equity securities	982	1,007	(25)
(2) Corporate bonds	37,597	38,732	(1,134)
(3) Others	—	—	—
Sub total	38,579	39,738	(1,159)
Total	¥274,218	¥216,575	¥57,643

March 31, 2015	Thousands of U.S. dollars (Note 1) Market value (=Carrying amount)	Acquisition cost	Unrealized gains (losses)
Securities whose carrying amounts on the consolidated balance sheets exceed their acquisition costs			
(1) Equity securities	$ 724,385	$ 337,139	$387,246
(2) Corporate bonds	566,718	552,057	14,660
(3) Others	670,107	582,605	87,502
Sub total	1,961,210	1,471,802	489,408
Securities whose carrying amounts on the consolidated balance sheets do not exceed their acquisition costs			
(1) Equity securities	8,169	8,378	(208)
(2) Corporate bonds	312,921	322,362	(9,441)
(3) Others	—	—	—
Sub total	321,091	330,740	(9,649)
Total	$2,282,301	$1,802,542	$479,759

Unlisted equity securities (carrying amount on the consolidated balance sheet: ¥462 million) are not included in "Securities" in the above table as they have no market value, and their fair value is not readily determinable given that future cash flows and other factors cannot be reliably estimated.

(2) Available-for-sale securities sold

For the year ended March 31, 2014

	Millions of yen Proceeds from sales	Total gain on sales	Total losses on sales
(1) Equity securities	¥142	¥57	¥—
(2) Corporate bonds	—	—	—
(3) Others	—	—	—
Total	¥142	¥57	¥—

For the year ended March 31, 2015

Not applicable.

(3) Devaluation loss on investment securities

For the year ended March 31, 2014

Not applicable.

For the year ended March 31, 2015

Not applicable.

12. Derivative Financial Instruments

Not applicable.

13. Pension and Severance Plans

(1) Defined benefit plans

a) Reconciliation of retirement benefit obligations at the beginning and end of the period (excluding amounts in c) below):

	Millions of yen 2014	2015	Thousands of U.S. dollars (Note 1) 2015
Retirement benefit obligation at beginning of period	¥56,115	¥ 57,704	$480,266
Cumulative effects of changes in accounting policy	—	(2,620)	(21,809)
Beginning of term balance reflecting changes in accounting policy period	56,115	55,084	458,458
Service costs	2,643	2,439	20,296
Interest costs	669	808	6,721
Actuarial gain/loss incurred	(105)	5,144	42,815
Payments for retirement benefits	(2,433)	(2,235)	(18,605)
Prior service cost incurred	814	—	—
Retirement benefit obligations at end of period	¥57,704	¥61,239	$509,684

b) Reconciliation of plan assets at the beginning and end of the period (excluding amounts in c) below):

	Millions of yen 2014	2015	Thousands of U.S. dollars (Note 1) 2015
Plan assets at beginning of period	¥37,446	¥41,492	$345,338
Expected return on plan assets	936	1,037	8,633
Actuarial gain/loss incurred	2,714	3,805	31,666
Employer contributions	1,422	1,312	10,920
Payments for retirement benefits	(1,026)	(997)	(8,297)
Plan assets at end of period	¥41,492	¥46,650	$388,261

c) Reconciliation of net defined benefit liabilities at the beginning and end of the period, for plans using the simplified method:

	Millions of yen 2014	2015	Thousands of U.S. dollars (Note 1) 2015
Net defined benefit liabilities at beginning of period	¥ 808	¥ 786	$6,544
Retirement benefit costs	105	100	835
Payments for retirement benefits	(110)	(100)	(830)
Contributions to plan	(25)	(11)	(88)
Others	9	16	135
Net defined benefit liabilities at end of period	¥ 786	¥ 793	$6,596

d) Reconciliation of defined benefit obligations and plan assets at the end of the period with net defined benefit liabilities and net defined benefit assets on the consolidated balance sheets:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Defined benefit obligations for funded plans	¥ 39,044	¥ 39,786	$ 331,137
Plan assets	(41,630)	(46,790)	(389,426)
	(2,586)	(7,003)	(58,289)
Defined benefit obligations for unfunded plans	19,584	22,385	186,309
Net amount of defined benefit liabilities and defined benefit assets on the consolidated balance sheets	16,998	15,382	128,020
Net defined benefit liabilities	19,584	22,385	186,309
Net defined benefit assets	(2,586)	(7,003)	(58,289)
Net amount of defined benefit liabilities and defined benefit assets on the consolidated balance sheets	¥ 16,998	¥ 15,382	$ 128,020

e) Components of net retirement benefit costs:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Service cost	¥2,643	¥ 2,439	$20,296
Interest cost	669	808	6,721
Expected return on plan assets	(936)	(1,037)	(8,633)
Amortization of actuarial gain/loss	914	726	6,040
Amortization of prior service cost	(319)	(319)	(2,658)
Net retirement benefit cost calculated using simplified method	105	100	835
Net retirement benefit cost for defined benefit plans	¥3,076	¥ 2,715	$22,601

f) Remeasurements of defined benefit plans
The remeasurements of defined benefit plans (prior to income tax effects) are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Unrecognized prior service cost	¥—	¥(319)	$(2,658)
Unrecognized actuarial gain/loss	—	(614)	(5,109)
Total	¥—	¥(933)	$(7,767)

g) Cumulative remeasurements of defined benefit plans
The cumulative remeasurements of defined benefit plans (prior to income tax effects) are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Unrecognized prior service costs	¥ 1,855	¥ 1,535	$ 12,778
Unrecognized actuarial differences	(6,000)	(6,614)	(55,048)
Total	¥(4,146)	¥(5,079)	$(42,270)

h) Matters related to plan assets
1) Main components of plan assets
The constitution ratios of main asset categories to total plan assets are as follows:

	2014	2015
Bonds	51%	46%
Equity securities	31	23
General account	9	9
Other	9	22
Total	100%	100%

The constituent of "Other" in the fiscal year ended March 31,2015 is mainly cash.

2) Method of establishing long-term expected rate of return
To determine the long-term expected rate of return on plan assets, the Company takes into account the current and projected distribution of plan assets and the current and projected future long-term rate of return on a wide range of assets comprising the plan assets.

i) Matters relating to the basis for calculating actuarial gain/loss
Basis for calculating primary actuarial gain/loss (weighted average rate):

	2014	2015
Discount rate	1.0%-1.2%	0.5%-1.4%
Long-term expected rate of return	2.5%	2.5%

(2) Defined contribution plans

Contributions to the defined contribution plans of the Company and its consolidated subsidiaries were as follows:

2014	¥565 million
2015	¥556 million ($4,630 thousand)

14. Stock Options and Related Matters

(1) Costs and other items recorded with respect to stock options

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Selling, general and administrative expenses	¥96	¥121	$1,010

(2) Description, amount and changes in stock options

a) Description of stock options:

	2012 Stock options	2013 Stock options	2014 Stock options
Type and number of recipients	Directors of the Company (excluding outside directors) 9 individuals	Directors of the Company (excluding outside directors) 8 individuals	Directors of the Company (excluding outside directors) 8 individuals
		Executive officers and others of the Company 6 individuals	Executive officers and others of the Company 5 individuals
	Directors of Taisho Pharmaceutical Co.,Ltd. (excluding outside directors) 8 individuals	Directors of Taisho Pharmaceutical Co., Ltd. (excluding outside directors) 7 individuals	Directors of Taisho Pharmaceutical Co., Ltd. (excluding outside directors) 7 individuals
	Other officers of Taisho Pharmaceutical Co., Ltd. 19 individuals	Other officers of Taisho Pharmaceutical Co., Ltd. 16 individuals	Other officers of Taisho Pharmaceutical Co., Ltd. 20 individuals
Total number of stock options by type of shares*	15,100 shares of common stock	14,800 shares of common stock	17,500 shares of common stock
Grant date	August 1, 2012	August 1, 2013	August 1, 2014
Vesting conditions	No vesting conditions are attached.	No vesting conditions are attached.	No vesting conditions are attached.
Applicable period of service	No applicable period of service is specified.	No applicable period of service is specified.	No applicable period of service is specified.
Exercise period	From August 2, 2012 to August 1, 2062	From August 2, 2013 to August 1, 2063	From August 2, 2014 to August 1, 2064

* Converted into the number of shares.

b) Amount of stock options and changes:

The following covers stock options in force in the year ended March 31, 2015. The number of stock options has been converted into the number of shares.

Number of stock options

	2012 stock options	2013 stock options	2014 stock options
Before vesting (shares)			
Balance at March 31, 2014	—	—	—
Granted	—	—	17,500
Forfeited	—	—	—
Vested	—	—	17,500
Unvested balance as of March 31,2015	—	—	—
After vesting (shares)			
Balance as of March 31, 2014	14,000	14,800	—
Vested	—	—	17,500
Exercised	—	500	—
Forfeited	—	—	—
Unexercised balance as of March 31,2015	14,000	14,300	17,500

Per share information

	2012 stock options (Yen)	2013 stock options (Yen)	2014 stock options (Yen)
Exercise price	¥1	¥1	¥1
Average stock price upon exercise	—	7,470	—
Fair value at grant date	6,086	6,460	6,936

c) Estimation method for fair value of stock options:

The estimation method for the fair price of the 2014 stock options granted in the fiscal year ended March 31, 2015 was as follows:

Valuation model used: Black-Scholes model

Main basic assumptions and estimation methods

	2014 stock options
Stock price volatility*1	25.52%
Estimated remaining service period*2	3.10 years
Dividend forecast*3	¥110 per share
Risk-free interest rate*4	0.091%

*1 Calculated based on the historical stock price performance over 3 years from June 2011 to August 2014

*2 The estimated remaining service period has been determined by the period of average services years of directors and other officers in past minus their services years of current directors and officers currently served in the Board.

*3 Based on the dividend performance in the fiscal year ended March 31, 2014.

*4 Refers to the yield of Japanese government bonds during the estimated remaining service period.

d) Estimation method for the number of vested stock options:

Given that it is difficult to rationally estimate the number of forfeitures in the future, the Company has adopted the method of reflecting only the number of forfeitures based on past experience.

15. Income Taxes

(1) The significant components of deferred tax assets and liabilities as of March 31, 2014 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2014	2015	2015
Deferred tax assets:			
Enterprise taxes	¥ 880	¥ 273	$ 2,274
Accrued expenses	2,904	2,668	22,206
Research expenses, etc.	1,522	910	7,570
Provision for bonuses	1,577	1,235	10,281
Net defined benefit liabilities	7,684	6,930	57,675
Provision for directors' retirement benefits	590	460	3,828
Prepaid research expenses	945	792	6,588
Evaluation loss on investment securities	2,249	2,037	16,950
Unrealized loss on securities	231	360	2,992
Operating loss carry forwards for tax purposes	498	417	3,468
Others	4,201	4,773	39,722
Gross deferred tax assets	23,280	20,853	173,555
Less: Valuation allowance	(3,275)	(3,101)	(25,812)
Total deferred tax assets	20,006	17,751	147,743
Deferred tax liabilities:			
Unrealized gains on securities	(11,379)	(17,525)	(145,858)
Deferred gain on sales of real property	(2,353)	(2,323)	(19,334)
Net defined benefits assets	(1,903)	(2,238)	(18,629)
Undistributed earnings of overseas subsidiaries and affiliates	(731)	(951)	(7,913)
Others	(2,334)	(2,299)	(19,130)
Total deferred tax liabilities	(18,700)	(25,335)	(210,865)
Net deferred tax assets (liabilities)	¥ 1,305	¥ (7,584)	$ (63,122)

(2) Reconciliation of the main differences between the statutory tax rate and the effective tax rate after application of deferred tax accounting

For the year ended March 31, 2014

Statutory tax rate	38.0%
(Reconciliation)	
Entertainment expenses	1.3
Dividend income	(0.2)
Amortization of goodwill	1.0
Research expenses	(4.2)
Equity in earnings/losses of entities accounted for using equity method	(1.8)
Other	(0.4)
Effective income tax rate	33.7%

For the year ended March 31, 2015

The difference between the statutory tax rate and the effective tax rate after application of deferred tax accounting was less than 5% of the statutory tax rate. Accordingly, the reconciliation of differences has been omitted.

(3) Revisions in the amounts of deferred tax assets and deferred tax liabilities due to a change in the corporate tax rate

On March 31, 2015, the "Act to Partially Revise the Income Tax Act" (Act No. 9 of 2015) and the "Act to Partially Revise the Local Tax Act" (Act No. 2 of 2015) were promulgated and, as a result, the rate of corporate and other income tax will be lowered for the fiscal years beginning on or after April 1, 2015. Consequently, the statutory tax rate, which is used to calculate deferred tax assets and deferred tax liabilities for temporary differences that are expected to reverse in the fiscal year beginning from April 1, 2015, will be lowered from 35.6% to 33.1%. Likewise, the statutory tax rate will be lowered to 32.3% for temporary differences that are expected to reverse in the fiscal years beginning on or after April 1, 2016.

Due to these changes in the tax rate, the net amount of deferred tax liabilities (the amount from which deferred tax assets have been deducted) decreased by ¥658 million, income taxes-deferred increased by ¥1,032 million, and valuation difference on securities increased by ¥1,690 million.

16. Segment Information

(1) Outline of reporting segments

The Taisho Pharmaceutical Holdings Group's reporting segments are the components of the Group about which separate financial information is available. These segments are subject to periodic examinations to enable the Company's Board of Directors to decide how to allocate resources and assess performance.

The Group's reporting segments are the Self-Medication Operation Group and the Prescription Pharmaceutical Operation Group. This classification is based on the differences in sales methods for over-the-counter (OTC) drugs and ethical drugs and the difference in the degree of business risk associated with the R&D expense burden in each segment.

The Self-Medication Operation Group conducts R&D, manufacturing and sales of OTC drugs, quasi-drugs, food, and general medical and hygiene supplies.

The Prescription Pharmaceutical Operation Group conducts R&D, manufacturing and sales of ethical drugs.

Real estate leasing and facility management, and hotel management operations are included in the Self-Medication Operation Group due to their insignificance.

(2) Method for calculating sales, income and loss, assets and liabilities, and other items by reporting segment

The total amounts for each line item of the reporting segments correspond to the amounts reported on the consolidated balance sheets and consolidated statements of income.

The accounting treatment methods for the reporting segments are consistent with the accounting treatment methods described in the Notes of "Summary of Significant Accounting Policies."

Segment income for each reporting segment is presented on an operating income basis.

(3) Information on sales, income and loss, assets and liabilities, and other items by reporting segment

	Millions of yen				
For the year ended March 31, 2014	Self-medication	Pharmaceutical	Total	Other*1	Consolidated
Net sales:					
(1) Outside customers	¥181,753	¥114,205	¥295,958	¥ —	¥295,958
(2) Inter-segment	—	—	—	—	—
Total	181,753	114,205	295,958	—	295,958
Segment income*2	36,865	6,000	42,865	(1,182)	41,684
Segment assets	275,362	161,333	436,694	291,748	728,442
Other items					
Depreciation*3	9,155	1,888	11,043	—	11,043
Amortization of goodwill	1,346	—	1,346	—	1,346
Investment in equity-method affiliates	9,548	42,231	51,779	—	51,779
Increase in tangible and intangible fixed assets*4	11,725	3,493	15,219	—	15,219

*1. The Other segment is a business segment that is not affiliated with any reporting segment, and primarily consists of the Company's (pure holding company) operations.
*2. Segment income matches operating income in the consolidated financial statements.
*3. Depreciation includes amortization of long-term prepaid expenses.
*4. The increase in tangible and intangible fixed assets includes the increase in long-term prepaid expenses.

	Millions of yen				
For the year ended March 31, 2015	Self-medication	Pharmaceutical	Total	Other*1	Consolidated
Net sales:					
(1) Outside customers	¥176,295	¥114,203	¥290,498	¥ —	¥290,498
(2) Inter-segment	—	—	—	—	—
Total	176,295	114,203	290,498	—	290,498
Segment income*2	31,061	2,079	33,139	(1,165)	31,974
Segment assets	287,090	171,257	458,347	309,746	768,093
Other items					
Depreciation*3	9,741	1,821	11,562	—	11,562
Amortization of goodwill	1,378	—	1,378	—	1,378
Investment in equity-method affiliates	10,879	41,997	52,876	—	52,876
Increase in tangible and intangible fixed assets*4	3,659	1,897	5,556	—	5,556

	Thousands of U.S. dollars (Note 1)				
For the year ended March 31, 2015	Self-medication	Pharmaceutical	Total	Other*1	Consolidated
Net sales:					
(1) Outside customers	$1,467,295	$950,503	$2,417,798	$ —	$2,417,798
(2) Inter-segment	—	—	—	—	—
Total	1,467,295	950,503	2,417,798	—	2,417,798
Segment income*2	258,516	17,301	275,817	(9,696)	266,121
Segment assets	2,389,431	1,425,357	3,814,789	2,577,993	6,392,782
Other items					
Depreciation*3	81,073	15,156	96,229	—	96,229
Amortization of goodwill	11,469	—	11,469	—	11,469
Investment in equity-method affiliates	90,542	349,537	440,080	—	440,080
Increase in tangible and intangible fixed assets*4	30,451	15,792	46,243	—	46,243

*1. The Other segment is a business segment that is not affiliated with any reporting segment, and primarily consists of the Company's (pure holding company) operations.
*2. Segment income matches operating income in the consolidated financial statements.
*3. Depreciation includes amortization of long-term prepaid expenses.
*4. The increase in tangible and intangible fixed assets includes the increase in long-term prepaid expenses.

[Related information]

For the year ended March 31, 2014

(1) Information by product and service

Information by product and service has been omitted as it is same as the reporting segments.

(2) Information by geographic region

a) Sales:

Information by geographic region has been omitted as sales to external customers in Japan are more than 90% of net sales reported on the consolidated statements of income.

b) Tangible fixed assets:

The Company has omitted disclosure here because tangible fixed assets in Japan account for more than 90% of the amount of tangible fixed assets reported on the consolidated balance sheets.

(3) Information by major customer

Information by major customer has been omitted as sales to any specific external customer are less than 10% of net sales reported on the consolidated statements of income.

For the year ended March 31, 2015

(1) Information by product and service

Information by product and service has been omitted as it is same as the reporting segments.

(2) Information by geographic region

a) Sales:

Information by geographic region has been omitted as sales to external customers in Japan are more than 90% of net sales reported on the consolidated statements of income.

b) Tangible fixed assets:

The Company has omitted disclosure here because tangible fixed assets in Japan account for more than 90% of the amount of tangible fixed assets reported on the consolidated balance sheets.

(3) Information by major customer

Information by major customer has been omitted as sales to any specific external customer are less than 10% of net sales reported on the consolidated statements of income.

[Information on impairment loss on fixed assets by reporting segments' fixed assets]

Not applicable.

[Information on amortization and unamortized balance of goodwill by reporting segment]

	Millions of yen			
For the year ended March 31, 2014	Self-medication	Pharmaceutical	Other	Total
Goodwill amortization	¥ 1,346	¥—	¥—	¥ 1,346
Unamortized balance of goodwill	22,991	—	—	22,991

	Millions of yen			
For the year ended March 31, 2015	Self-medication	Pharmaceutical	Other	Total
Goodwill amortization	¥ 1,378	¥—	¥—	¥ 1,378
Unamortized balance of goodwill	22,093	—	—	22,093

	Thousands of U.S. dollars (Note 1)			
For the year ended March 31, 2015	Self-medication	Pharmaceutical	Other	Total
Goodwill amortization	$ 11,469	$—	$—	$ 11,469
Unamortized balance of goodwill	183,879	—	—	183,879

[Information on gains on negative goodwill by reporting segment]

Not applicable.

17. Related Party Transactions

Related party transactions
Transactions with consolidated subsidiaries and related parties

(1) Related transaction with the non-consolidated subsidiaries and affiliated companies

For the year ended March 31, 2014

Name	Location	Capital	Shares with voting rights owned by Company in related party/ (owned by related party in Company)	Transactions	Amounts Millions of yen	Closing balances in	Amounts Millions of yen
Toyama Chemical Co., Ltd.	Shinjuku ward, Tokyo	¥10,000 million	34.0%	Product purchases	¥33,592	Accounts payable	¥14,797

For the year ended March 31, 2015

Name	Location	Capital	Shares with voting rights owned by Company in related party/ (owned by related party in Company)	Transactions	Amounts Millions of yen	Amounts Thousands of U.S. dollars (Note 1)	Closing balances in	Amounts Millions of yen	Amounts Thousands of U.S. dollars (Note 1)
Toyama Chemical Co., Ltd.	Shinjuku ward, Tokyo	¥10,000 million	34.0%	Product purchases	¥33,298	$277,134	Accounts payable	¥16,101	$134,006

(2) Related transaction with Directors and individual shareholders

For the year ended March 31, 2014

Name	Location	Capital	Shares with voting rights owned by Company in related party/ (owned by related party in Company)	Transactions	Amounts Millions of yen	Closing balances in	Amounts Millions of yen
Taisei Co., Ltd.[*3]	Toshima ward, Tokyo	¥100 million	(1.33%)	Outsourced administrative work	¥17	Current assets other	¥1

For the year ended March 31, 2015

Name	Location	Capital	Shares with voting rights owned by Company in related party/ (owned by related party in Company)	Transactions	Amounts Millions of yen	Amounts Thousands of U.S. dollars (Note 1)	Closing balances in	Amounts Millions of yen	Amounts Thousands of U.S. dollars (Note 1)
Taisei Co., Ltd.[*3]	Toshima ward, Tokyo	¥100 million	(1.46%)	Out-sourced adminis-trative work	¥17	$139	Current assets other	¥1	$4

*1. Of the amounts (1) and (2) shown above, consumption taxes are excluded from transaction amounts, but are included in the closing balances.
*2. Transaction conditions and policy on determination of transaction conditions
(a) Purchase prices for products are determined with reference to third-party selling prices.
(b) Price and other transaction conditions for outsourced administrative work are determined through negotiations for each transaction, taking into account prevailing market prices.
*3. Akira Uehara, a corporate officer of Taisho Pharmaceutical Holdings Co., Ltd. and his close relatives directly own 100% of the shares with voting rights.

18. Per Share Information

Year ended March 31	Yen 2014	Yen 2015	U.S. dollars (Note 1) 2015
Net assets per share	¥7,401.61	**¥7,892.19**	**$65.69**
Net income per share	403.18	**302.57**	**2.52**
Net income per share, diluted	403.07	**302.42**	**2.52**

The basis for calculating basic net income per share and diluted net income per share is as follows:

Basic net income per share

Year ended March 31	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015
Net income	¥32,693	**¥24,529**	**$204,153**
Net income available to common shareholders	32,693	**24,529**	**204,153**
Weighted-average number of shares outstanding (thousand shares)	81,086	**81,068**	

Basic net income per share, diluted

Year ended March 31	Thousands shares 2014	Thousands shares 2015
Increase in number of common stock	23	**40**
(Including subscription rights to shares)	(23)	**(40)**

19. Significant Subsequent Events

Not applicable.

20. Schedule of Borrowings

For the year ended March 31	Millions of yen 2014	Millions of yen 2015	Thousands of U.S. dollars (Note 1) 2015	Average interest rate (%)	Due date of payment
Short-term loans	¥230	**¥175**	**$1,457**	1.04%	—
Current portion of long-term loans	—	**—**	**—**	—	—
Current portion of lease obligations	112	**111**	**926**	—	—
Long-term loans (without current portion)	—	**—**	**—**	—	—
Lease obligations (without current portion)	453	**351**	**2,925**	—	From 2016 to 2023
Total	¥795	**¥638**	**$5,308**	—	—

*1. "Average interest rate" represents the weighted average interest rate against the term-end balance of borrowings.
*2. As interest is included in the lease payment and is allocated on the straight-line method to each fiscal year, average interest rate of lease obligations is omitted.
*3. The lease obligations (excluding debt scheduled to be repaid within one year) within five years after the consolidated balance sheet date (i.e. March 31, 2015) is as follows:

Year ended March 31	Due after one year, within two years	Due after two years within three years	Due after three years within four years	Due after four years, within five years
Lease obligations (Millions of yen)	**¥104**	**¥103**	**¥102**	**¥22**
Lease obligations (Thousands of U.S. dollars (Note 1))	**$863**	**$858**	**$846**	**$182**

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Independent Auditor's Report

To the Board of Directors of Taisho Pharmaceutical Holdings Co., Ltd.

We have audited the accompanying consolidated financial statements of Taisho Pharmaceutical Holdings Co., Ltd. ("the Company") and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in net assets and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the purpose of the financial statements audit is not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2015, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2015 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

PricewaterhouseCoopers Aarata

September 3, 2015

PricewaterhouseCoopers Aarata
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Major Subsidiaries and Affiliates (As of June 26, 2015)

Name	Location	Capitalization/ Amount Invested	Business Area	Percentage of Voting Rights Held
Subsidiaries				
Domestic				
Taisho Pharmaceutical Co., Ltd.	Tokyo, Japan	JPY 29,804,450,000	Research, development, manufacture and sales of OTC drugs, prescription pharmaceuticals, quasi-drugs, foods and other products	100.0%
Taisho Okinawa Co., Ltd.	Okinawa, Japan	JPY 50,000,000	Sales of Taisho Pharmaceutical products in Okinawa Prefecture	100.0%
Taisho M.T.C. Co., Ltd.	Tokyo, Japan	JPY 400,000,000	Manufacture and sales of raw materials for medicines and quasi-drugs	60.0%
Taisho Pharmaceutical Logistics Co., Ltd.	Saitama, Japan	JPY 30,000,000	Management and operation of transport services for the Taisho Pharmaceutical Group	100.0%
Taisho Toyama Pharmaceutical Co., Ltd.	Tokyo, Japan	JPY 2,000,000,000	Sales of prescription pharmaceuticals	70.3%*
MEJIRO KOSAN Co., Ltd.	Tokyo, Japan	JPY 600,000,000	Leasing, management, possession and operation of real estate, and provision of employee welfare and benefit services, etc.	100.0%
TAISHO ACTIVE HEALTH Co., Ltd.	Tokyo, Japan	JPY 100,000,000	Supply of health foods, quasi-drugs and skin care products	55.0%
Biofermin Pharmaceutical Co., Ltd.	Hyogo, Japan	JPY 1,227,000,000	Research, development, manufacture and sales of OTC drugs, prescription pharmaceuticals and other products	64.0%
TOKUHON Corporation	Tokyo, Japan	JPY 300,000,000	Research, development, manufacture and sales of OTC drugs, prescription pharmaceuticals and other products	100.0%
Overseas				
Taisho Pharmaceutical (Taiwan) Co., Ltd.	Taipei, Taiwan	TWD 200,000,000	Manufacture (commissioned) and sales of OTC drugs, energy drinks and other products	100.0%
Taisho Pharmaceutical California Inc.	California, U.S.A.	USD 41,050,000	Manufacture (commissioned) and sales of energy drinks and other products	100.0%
Taisho Pharmaceuticals (Philippines), Inc.	Makati, Philippines	PHP 18,900,000	Manufacture (commissioned) and sales of OTC drugs, energy drinks and other products	100.0%
Taisho Co., Ltd. Shanghai	Shanghai, China	CNY 132,621,000	Manufacture and sales of energy drinks and other products	100.0%
Taisho Vietnam Co., Ltd.	Khanh Hoa, Vietnam	VND 170,754,300,000	Manufacture and sales of energy drinks and other products	100.0%
Taisho Pharmaceutical (H.K.) Ltd.	Hong Kong, China	HKD 163,000,000	Sales of energy drinks and other products	100.0%
Osotspa Taisho Pharmaceutical Co., Ltd.	Bangkok, Thailand	THB 100,000,000	Sales of OTC drugs, energy drinks and other products	60.0%
Taisho Pharmaceutical R&D Inc.	New Jersey, U.S.A.	USD 4,000,000	Development of prescription pharmaceuticals	100.0%
PT. Taisho Pharmaceutical Indonesia Tbk	Jakarta, Indonesia	IDR 10,240,000,000	Manufacture and sales of OTC drugs, energy drinks and other products	98.0%
Taisho Pharmaceutical Singapore Private Limited	Singapore	USD 1,000,000	Administration of OTC drug business in the ASEAN region	100.0%
Hoepharma Holdings Sdn. Bhd.	Kuala Lumpur, Malaysia	MYR 32,380,000	Management of a subsidiary that conducts pharmaceutical business, mainly in Malaysia	100.0%
Compañía Internacional de Comercio, S.A.P.I. de C.V.	Mexico City, Mexico	MXN 122,467,000	Manufacture and sales of OTC drugs and other products	100.0%
Affiliates				
Domestic				
Toyama Chemical Co., Ltd.	Tokyo, Japan	JPY 10,000,000,000	Research, development, manufacture and sales of prescription pharmaceuticals and other products	34.0%
Yomeishu Seizo Co., Ltd.	Tokyo, Japan	JPY 1,650,000,000	Manufacture and sales of herbal liqueurs and other products	24.3%

* Percentage of voting rights held includes indirect voting rights.

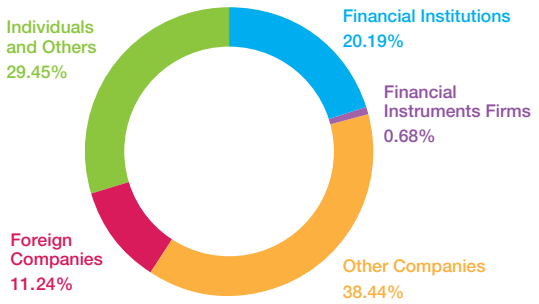
Corporate Data (As of June 26, 2015)

Company Name:	Taisho Pharmaceutical Holdings Co., Ltd.		
Date of Foundation:	October 3, 2011		
Paid-in Capital:	¥30,000 million		
Number of Employees:	6,609 (consolidated, as of March 31, 2015)		
Home Page:	http://www.taisho-holdings.co.jp/en/		
Board of Directors:	**President and Chief Executive Officer** Akira Uehara **Executive Vice President** Shigeru Uehara **Corporate Adviser and Director** Akira Ohira	**Directors** Ken Uehara Ken-ichi Fujita Kazuya Kameo Tetsu Watanabe Toshio Morikawa[1] Hiroyuki Uemura[1] Note 1. Outside director as stipulated by Article 2.15 of the Corporate Law	
Audit & Supervisory Board Members:	Yoshiaki Sasaki Kyuji Kobayashi Chushiro Aoi[2] Junya Sato[2] Note 2. Outside Audit & Supervisory Board member as stipulated by Article 2.16 of the Corporate Law		
Headquarters:	3-24-1, Takada, Toshima-ku, Tokyo 170-8655, Japan Telephone: 81-3-3985-2020		
Major Group Companies:	Taisho Pharmaceutical Co., Ltd.	Head Office and Branches	Tokyo Head Office, Sendai, Nagoya, Osaka, Hiroshima, Fukuoka
		Factories and Laboratory	The Omiya Factory/Research Center, The Okayama Factory, The Hanyu Factory
	Taisho Toyama Pharmaceutical Co., Ltd.	Head Office and Branches	Tokyo Head Office, Sendai, Nagoya, Osaka, Hiroshima, Fukuoka
	Biofermin Pharmaceutical Co., Ltd.	Head Office and Branches	Hyogo Head Office, Tokyo, Sapporo, Nagoya, Fukuoka
		Factories and Laboratory	The Seishin Factory/Research Center
	TOKUHON Corporation	Head Office and Branches	Tokyo Head Office, Osaka, Nagoya
		Factories and Laboratory	The Miyashiro Factory/Research Center

Investor Information (As of March 31, 2015)

Common Stock:	**Authorized:** 360,000,000 shares **Issued:** 90,139,653 shares
Stock Trading Unit:	100 shares
Number of Shareholders:	28,229
General Meeting of Shareholders:	Held annually in June
Listing:	Tokyo Stock Exchange
Ticker Symbol Number:	4581
Shareholder Registry Administrator and Special Account Management Institution:	Mitsubishi UFJ Trust and Banking Corporation
Contact Address:	Stock Transfer Agency Division Mitsubishi UFJ Trust and Banking Corporation 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan

Distribution of Shareholders



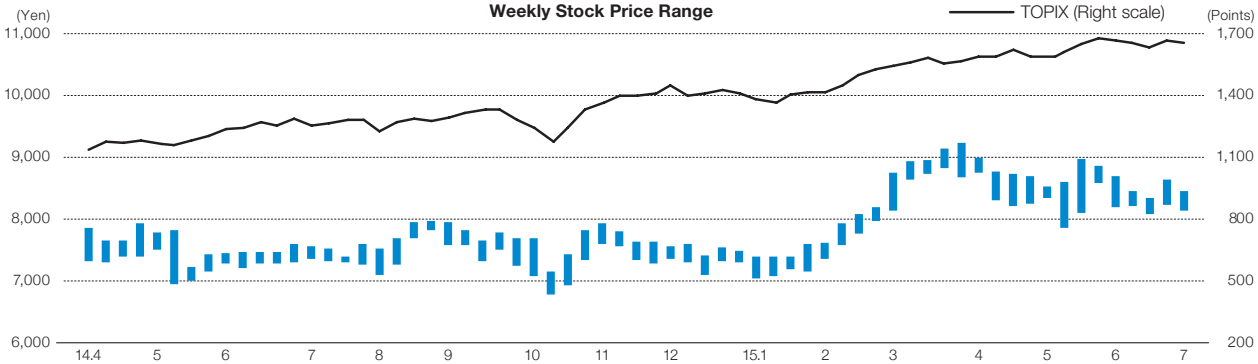
Notes: 1. Percentages are rounded to two decimal points.
2. Calculated excluding treasury stock (9,007 thousand shares).

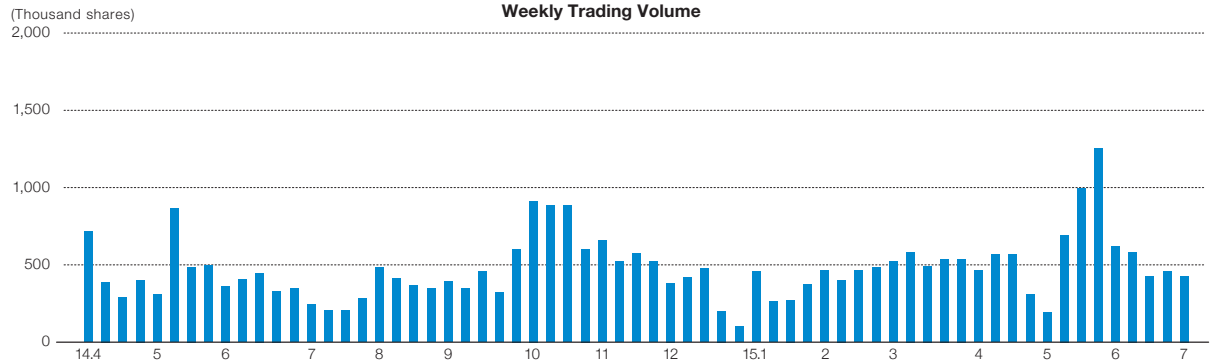
Major Shareholders

	Number of Voting Rights (Thousands)	Percentage of Voting Rights (%)
The Uehara Memorial Foundation	12,900	15.90
Shoji Uehara	10,377	12.79
Uehara Museum	3,900	4.81
Sumitomo Mitsui Banking Corporation	3,000	3.70
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,000	3.70
Akira Uehara	2,143	2.64
Sumitomo Chemical Company, Limited	2,109	2.60
Kajima Corporation	1,650	2.03
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank, Ltd. Retrust Account/ Sumitomo Chemical Company, Limited Employee Pension Trust Account)	1,530	1.89
Japan Trustee Services Bank, Ltd. (trust account)	1,407	1.74

Notes: 1. Number of voting rights (shares) is rounded down to the nearest thousand.
2. Treasury stock (9,007 thousand shares) is excluded because it does not have voting rights.
3. Percentage of voting rights is calculated excluding treasury stock (rounded to two decimal points).

Stock Data (TSE) (April 2014–July 2015)





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